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HISTORICAL SKETCH

OF THE

BANK OF ENGLAND:

WITH AN

EXAMINATION OF THE QUESTION

AS TO THE PROLONGATION OF

THE EXCLUSIVE PRIVILEGES

OF

THAT ESTABLISHMENT.

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TO

THE RIGHT HON.

C. POULETT THOMSON, M. P.,

TREASURER OF THE NAVY, ETC.

THIS TRACT,

WRITTEN UPON AN IMPORTANT SUBJECT,

WITH EVERY PART OF WHICH HE IS THOROUGHLY CONVERSANT,

IS MOST RESPECTFULLY INSCRIBED.

CONTENTS.

HISTORICAL SKETCH, &c.

The object of this Tract is, to lay before the reader a brief view of the History and Transactions of the Bank of England, in so far as they are of a public character, and to inquire into the expediency of prolonging the Bank's exclusive privileges for an additional term of years—But to facilitate these inquiries, we beg to premise one or two remarks of a general nature.

CHAPTER I.

Convertibility of Bank Paper.

It is needless to waste the reader's time, by making lengthened statements to shew the necessity of subjecting the issuers of notes to the obligation of paying them on demand. Wherever the power of issuing paper without this check, has been conceded to any set of persons, it has been abused, or, which is the same thing, such paper has uniformly been over-issued, or its value depreciated, from excess. Hence it is now admitted on all hands to be indispensable, in order to prevent injurious fluctuations in the value of money, that all notes be made payable, at the pleasure of the holder, in an unvarying quantity of gold or silver. This renders it impossible for the issuers of paper to depreciate its value below that of the precious metals. They may, indeed, by over-issuing paper, depress the value of the whole currency, gold as well as paper, in the country in which the over-issue is made; but the moment that they do this, gold begins to be sent abroad; and paper being returned upon the issuers for payment, they are, in order to prevent the exhaustion of their coffers, compelled to lessen their issues; and thus, by raising the value of the currency, stop the drain for bullion.

It does, however, appear to us, that it is not only necessary, in order to prevent the over-issue of paper, to enact that all notes should be payable on demand; but that it is farther necessary, in order to ensure compliance with this enactment, to prohibit any one from issuing notes, until he has satisfied the Government of his ability to pay them. The circumstances that excite public confidence in the issuers of paper, are often of the most deceitful description; and innumerable instances have occurred, of the population of extensive districts having suffered severely from the insolvency of bankers in whom they placed the utmost confidence. In 1793, in 1814, 1815, and 1816, and again in 1825, a very large proportion of the country banks were destroyed, and produced by their fall an extent of ruin that has hardly been equalled in any other country. And when such disasters have already happened it is surely the bounden duty of Government to hinder, by every means in its power, their recurrence. It is no exaggeration to affirm, that we have sustained ten times more injury from the circulation of worthless paper, or paper issued by persons without the means of retiring it, than from the issue of spurious coin. It is said, indeed, by those who are hostile to interference, that coins are legal tenders, whereas notes, being destitute of that privilege, those who suspect them are at liberty to refuse them; but, whatever notes may be in law, they are, in very many districts, *practically*, and *in fact*, legal tenders; and could not be rejected without exposing the parties to much inconvenience. It should also be observed, that labourers, women, minors, and every sort of persons, however incapable of judging of the stability of banking establishments, are dealers in money, and are consequently liable to be imposed upon. This, then, is clearly a case in which it is absolutely imperative upon Government to interfere, to protect the interests of those who cannot protect themselves, either by compelling all individuals applying for stamps for notes, to give security for their payment, or, by making sure, in some other way, that they have the means of paying them, and that the circulation of the notes will be a benefit, and not an injury to the public.

A security of this sort has been exacted in the case of the Bank of England; and the whole 14,686,000*l*. lent by the Bank to Government, must be sacrificed before the holders of her notes can sustain the smallest loss. Her stability has, therefore, been truly said, by Dr. Smith, to be equal to that of the British government. The system of taking securities having been found to answer so well in the case of the Bank of England, is a powerful argument in favour of its extension. Were securities taken from the country banks, their ultimate failure, in the capacity of banks of issue, would be rendered impossible; and a degree of solidity would be given to our money system, which it is idle to expect it can ever attain, so long as it continues on its present footing.

It is exceedingly difficult to prevent the issue of forged notes. Various schemes have been suggested for this purpose; and though it is hardly possible to suppose that an *inimitable* note will ever be produced, it is contended, that by judiciously combining different sorts of engraving, forgery may be rendered so difficult, as to be but rarely attempted. But however this may be, during the period from 1797 to 1819, when the Bank of England issued one-pound notes, their forgery was carried on to a great extent. And the desire to check this practice, and to lessen the frequency of capital punishments, appears to have been amongst the most prominent circumstances which led to the return to specie payments in 1821, and the suppression of one pound notes. (Appendix, A).

According to the existing law, all descriptions of notes are payable at the pleasure of the holder, in coin; but the policy of such a regulation is exceedingly questionable. It may, we think, be easily shewn, that it would be a very great improvement were it enacted, that country bank notes should be payable only in those of the Bank of England. So long as the latter are convertible at the pleasure of the holder into coin, such an arrangement would, it is obvious, effectually prevent any over-issue of country paper, at the same time, that it would be free from many very serious disadvantages that attach to the present plan. The unjust liabilities imposed upon the Bank of England by the existing system, place her in a situation of great difficulty and hazard. They oblige her to provide a supply of coin and bullion, not for her own exigences only, but for those of *all* the country banks; and what is harder still, they expose her, to be deeply injured by any misconduct on the part of the latter, as well as by the distress in which they may be accidentally involved. In consequence, her free action is at all times in some degree impeded; and her power to render assistance to the banking and mercantile interests in periods of discredit, is materially diminished. The country banks keep but a small supply of coin in their coffers. They are all, however, holders to a greater or less extent, of government securities; and whenever any circumstance occurs, to occasion a demand upon them for coin, they immediately sell or pledge the whole or a portion of their stock, carry the notes to the Bank to be exchanged, and then carry the specie to the country. Hence, when any suspicions are entertained of the credit of the country banks, or when a panic originates amongst the holders of their notes, as was the case in 1793 and 1825, the whole of them retreat upon the Bank of England, and 700 or 800 conduits are opened, to draw off the specie of that establishment, which may thus, it is evident, incur the risk of stoppage without having done any thing wrong. It was not the drain for gold from abroad, but the drain for gold from the country, that nearly exhausted the Bank's coffers in 1825, and forced her to issue about a million of one and two pound notes. The currency cannot possibly be in a sound healthy state, while the Bank of England, and, through her, public credit, are placed in so perilous a situation. And as nothing whatever is gained by the present system, as it is productive of great insecurity and expense to all parties, without having a single countervailing advantage to recommend it, it should certainly be put an end to, by making Bank of England paper legal tender for the paper of the country banks.

CHAP. II.

Historical Sketch of the Bank of England.

THIS great establishment, which has long been the principal bank of deposit and circulation, not in this country only, but in Europe, was founded in 1694. Its principal projector was Mr. William Paterson, an enterprising and intelligent Scotch gentleman, who was afterwards engaged in the ill-fated colony at Darien.—Government being at the time much distressed for want of money, partly from the defects and abuses in the system of taxation, and partly from the difficulty of borrowing, because of the supposed instability of the revolutionary establishment, the Bank grew out of a loan of 1,200,000*l.* for the public service. The subscribers, besides receiving *eight* per cent. on the sum advanced as interest, and 4000*l.* a year as the expense of management, in all 100,000*l.* a year, were incorporated into a Society denominated the *Governor and Company of the Bank of England.* The charter is dated the 27th of July, 1694. It declares, amongst other things, that they shall "be capable in law, to purchase, enjoy, and retain to them and their successors, any manors, lands, rents, tenements, and possessions whatsoever; and to purchase and acquire all sorts of goods and chattels whatsoever, wherein they are not restrained by Act of Parliament; and, also, to grant, demise, and dispose of the same.

"That the management and government of the Corporation be committed to the Governor, Deputy Governor, and twenty-four Directors, who shall be elected between the 25th day of March and 25th day of April, each year, from among the members of the Company duly qualified.

"That no dividend shall at any time be made by the said Governor and Company, save only out of the interest, profit, or produce arising by or out of the said capital stock, or fund, or by such dealing as is allowed by Act of Parliament.

"They must be natural born subjects of England, or naturalized subjects; they shall have in their own name and for their own use, severally, viz.—the Governor, at least 4000*l.*, the Deputy Governor 3000*l.*, and each Director 2000*l.* of the capital stock of the said Corporation.

"That thirteen or more of the said Governors and Directors (of which the Governor or Deputy Governor must be always one) shall constitute a Court of Directors, for the management of the affairs of the Company, and for the appointment of all agents and servants which may be necessary, paying them such salaries as they may consider reasonable.

"Every Elector must have, in his own name and for his own use, 500*l.* or more, capital stock, and can only give one vote. He must, if required by any member present, take the oath of stock, or the declaration of stock, in case he be one of the people called Quakers.

"Four General Courts to be held in every year: in the months of September, December, April, and July. A General Court may be summoned at any time, upon the requisition of nine Proprietors, duly qualified as Electors.

"The majority of Electors in General Courts have the power to make and constitute bye-laws and ordinances for the government of the Corporation, provided that such bye-laws and ordinances be not repugnant to the laws of the kingdom, and be confirmed and approved, according to the statutes in such case made and provided."

The Corporation is prohibited from engaging in any sort of commercial undertaking other than dealing in bills of exchange, and in gold and silver. It is authorized to advance money upon the security of goods or merchandize pledged to it; and to sell, by public auction, such goods as are not redeemed within a specified time.

It was also enacted, in the same year in which the Bank was established, by statute 6th William and Mary, cap. 20, that the Bank "shall not deal in any goods, wares, or merchandize (except bullion), or purchase any lands or revenues belonging to the Crown, or advance or lend to their Majesties, their heirs or successors, any sum or sums of money by way of loan or anticipation, or any part or parts, branch or branches, fund or funds of the revenue, now granted or belonging, or hereafter to be granted to their Majesties, their heirs and successors, other than such fund or funds, part or parts, branch or branches of the said revenue only, on which a credit of loan is, or shall be, granted by Parliament." And in 1697 it was enacted, that the "common capital and principal stock, and also the real fund of the Governor and Company, or any profit or produce to be made thereof, or arising thereby, shall be exempted from any rates, taxes, assessments, or impositions whatsoever, during the continuance of the Bank; and that all the profit, benefit, and advantage from time to time, arising out of the management of the said Corporation, shall be applied to the uses of all the members of the said Corporation of the Governor and Company of the Bank of England, rateably and in proportion to each member's part, share, and interest in the common capital and principal stock of the said Governor and Company hereby established."

It was further enacted, in 1697, that the forgery of the Company's seal, or of any sealed bill or bank note, should be felony without benefit of clergy, and that the making of any alteration or erasure in any bill or note, should also be felony.

In 1696, during the great recoinage, the Bank was involved in considerable difficulties, and was even compelled to suspend payment of her notes, which were at a heavy discount. Owing, however, to the judicious conduct of the Directors, and the assistance of Government, the Bank got over the crisis. But it was at the same time judged expedient, in order to place her in a situation the better to withstand any adverse circumstances that might afterwards occur, to increase her capital from 1,200,000*l.* to 2,201,171*l.* In 1708, the Directors undertook to pay off and cancel one million and a half of Exchequer bills they had circulated two years before, at 4½ per cent., with the interest on them, amounting in all to 1,775,028*l.*; which increased the permanent debt due by the public to the Bank, including 400,000*l.* then advanced in consideration of the renewal of the charter, to 3,375,028*l.* for which they were allowed 6 per cent. The Bank capital was then also doubled, or increased to 4,402,343*l.* But the year 1708 is chiefly memorable, in the history of the Bank, for the Act that was then passed, which declared, that during the continuance of the corporation of the Bank of England, "it should not be lawful for any body politic, erected or to be erected, other than the said Governor and Company of the Bank of England, or, for other persons whatsoever, united or to be united in covenants or partnership, exceeding the number of six persons, in that part of Great Britain called England, to borrow, owe, or take up any sum or sums of money on their bills or notes payable on demand, or in any less time than six months from the borrowing thereof."—This proviso, which has had so powerful an operation on banking in England, is said to have been elicited by the Mine-adventure-Company having commenced banking business, and begun to issue notes.

The Charter of the Bank of England, when first granted, was to continue for eleven years certain, or till a year's notice after the 1st of August, 1705. The Charter was further prolonged in 1697. In 1708, the Bank having advanced 400,000*l.* for the public service, without interest, the exclusive privileges of the Corporation were prolonged till 1733. And in consequence of various advances made at different times, the exclusive privileges of the Bank have been continued by successive renewals, to a year's notice, after the 1st of August, 1833. The last renewal was made in 1800, by the act 40th Geo. III., cap. 28, in consideration of an advance by the Bank to the public of *three* millions for six years without interest. The following is an account of the various *permanent* advances made by the Bank to Government, of the occasions on which they were made, and of the increase in the capital of the Bank.

General Statement of the Affairs of the Bank of England, from its Establishment in 1694, *to the present time.*

Date	Particulars	Advanced to the Public. £.	s.	d.	Bank Capital on which the Stockholders divide £.	s.	d.
1694. 5 & 6 W. & M. c. 20.	Amount of original subscription lent to the Government at 8 per cent. interest, and 4,000*l.* for management. Charter to continue to 1st August, 1705 . . .	1,200,000	0	0	1,200,000	0	0
1697. 8 & 9 W. 3, c. 20.	Exchequer tallies and orders for payment, having in 1696 been at a discount of 40, 50, and 60 per cent. and Bank notes at a discount of 20 per cent., the Bank was empowered to receive subscriptions for the enlargement of their stock, $\frac{4}{5}$ in tallies and orders, and the remaining $\frac{1}{5}$ in Bank notes. The increase of stock was, in consequence	....			1,001,171	10	0
	⁂ Interest at the rate of 8 per cent. was received on amount of tallies and orders, brought in from 24th June, 1697. Charter extended to 1st Aug. 1710.				2,201,171	10	0
1708. 7 Anne, c. 7.	Advanced, by the Bank, part of the grants for this year without interest, after the 1st August, 1711; thus reducing the interest on the whole sum lent to Government, to 6 per cent.	400,000	0	0			
	⁂ Charter extended to 1st August, 1732.	1,600,000	0	0			
	The Bank had, by 5th Anne, cap. 13, undertaken to circulate Exchequer bills for 1,500,000*l.*; and they now agreed to cancel the same, making, with interest due upon them	1,775,027	17	10½			
	⁂ They received 6 per cent. interest on this, from Michaelmas 1710.	3,375,027	17	10½			
	By authority conveyed to them by the same Act, they took in subscriptions for doubling their capital . .	....			2,201,171	10	0
					4,402,343	0	0
1709. Feb.	A call of 15 per cent. made stock . . .	....			656,204	1	9
					5,058,547	1	9
1710. Dec.	A call of 10 per cent. made stock . . .	....			501,448	12	11
					5,559,995	14	8

		Advanced to the Public. £.	s.	d.	Bank Capital on which the Stockholders divide £.	s.	d.
	Brought forward . .	3,375,027	17	10½	5,559,995	14	8
1713. 12 Anne, c. 11.	*** Had charter renewed to 1st August, 1742, then, as before, having 12 months' notice, and re-payment of sums lent.						
1717.	Cancelled Exchequer bills, and received interest at 5 per cent. on the amount	2,000,000	0	0			
	*** Reduced interest on 1,775,027*l.* 17*s.* 10½*d.* from 6 to 5 per cent., after Midsummer, 1718.	5,375,027	17	10½			
1722. 8 G. 1, c. 21.	Purchased of South Sea Company of their stock	4,000,000	0	0			
	*** Interest on this till Midsummer, 1727, 5 per cent.; after that, 4 per cent.	9,375,027	17	10½			
June 24.	Increased their capital to enable them to make said purchase .	. . . .			3,400,000	0	0
					8,959,995	14	8
1727. 1 Gec. 2, c. 8.	Had repaid to them out of the sinking fund, part of the 1,775,027*l.* 17*s.* 10½*d.*	1,000,000	0	0			
	*** Reduced the interest on the 2,000,000*l.* from 5 to 4 per cent.	8,375,027	17	10½			
1728. Midsummer.	Advanced on duties on coal and culm, at 4 per cent. in pursuance of above Act	1,750,000	0	0			
		10,125,027	17	10½			
2 Geo. 2, c. 2.	Received remainder of above sum of 1,775,027*l.* 17*s.* 10½*d.* from sinking fund	775,027	17	10½			
		9,350,000	0	0			
	Received out of the sinking fund part of the 2,000,000*l.* lent to Government in 1717	500,000	0	0			
		8,850,000	0	0			
	Advanced on lottery, at 4 per cent. interest, from Midsummer, 1729, per same Act	1,250,000	0	0			
		10,100,000	0	0			
1738. 11 G. 2, c. 27.	Received out of the sinking fund, a farther part of the 2,000,000*l.*	1,000,000	0	0			
		9,100,000	0	0	8,959,995	14	8

	Advanced to the Public. £.	s.	d.	Bank Capital on which the Stockholders divide. £.	s.	d.
Brought forward . .	9,100,000	0	0	8,959,995	14	8
1742. 15G.2,c.13. Advanced without farther interest, thus making the interest which was before 6 per cent. on 1,600,000*l.*, 3 per cent. on 3,200,000*l.*	1,600,000	0	0			
*** Charter renewed to 1st August, 1764.	10,700,000	0	0			
In consequence of above advance, they increased their capital stock by subscriptions	....			840,004	5	4
1746. 19 G.2, c.6. Agreed to cancel Exchequer bills issued on licenses for retailing spirituous liquors, on being allowed 4 per cent. interest . . .	986,800	0	0	9,800,000	0	0
A call of 10 per cent. made stock	....			980,000	0	0
1749. 23 G.2, c.6. Agreed to a proposition made by Parliament, to receive 4 per cent. on 8,486,800*l.* to Christmas, 1750, then $3\frac{1}{2}$ per cent. to Christmas, 1757, and after that 3 per cent. on the whole.	11,686,800	0	0	10,780,000	0	0
*** Charter renewed to 1st August, 1764. 4 G.3, c.25. 1786, for which they advanced 1,000,000*l.* on Exchequer bills, till 1766, and paid into the Exchequer 110,000*l.*						
1781. 21G.3,c.60. Added to capital stock 8 per cent.	....			862,400	0	0
*** Charter renewed to 1st August, 1812, for which they advanced 2,000,000*l.* for 3 years, at 3 per cent.				11,642,400	0	0
1800. 40G.3,c.28. Charter renewed to 1st August, 1833, for which they advanced 3,000,000*l.* without interest for 6 years, which was continued, pursuant to the recommendation of the Committee of 1807, till 6 months after a definitive treaty of peace.						
1816. 56G.3,c.96. Advanced to Government, at 3 per cent. .	3,000,000	0	0			
Were allowed to add 25 per cent. from their accumulated profits, to their capital stock	....			2,910,600	0	0
	14,686,800	0	0	14,553,000	0	0

The Bank of England has been frequently affected by panics amongst the holders of its notes. In 1745 the alarm occasioned by the advance of the Highlanders under the Pretender as far as Derby, led to a run upon the Bank: and in order to gain time to concert measures for averting the run, the Directors adopted the device of paying in shillings and sixpences! But they derived a more effectual relief from the retreat of the Highlanders; and from a Resolution agreed to at a meeting of the principal merchants and traders of the city, and very numerously signed, declaring the willingness of the subscribers to receive Bank notes in payment of any sum that might be due to them, and pledging themselves to use their utmost endeavours to make all their payments in the same medium.

During the tremendous riots in June, 1780, the Bank incurred considerable danger. Had the mob attacked the establishment at the commencement of the riots, the consequences might have proved fatal. Luckily, however, they delayed their attack till time had been afforded for providing a force sufficient to ensure its safety. Since that period a considerable military force is nightly placed in the interior of the Bank, as a protection in any emergency that may occur.

In the latter part of 1792 and beginning of 1793, there was, in consequence of a previous over-issue on their part, a general run on most of the private banks; and about *one-third* of these establishments were forced to stop payment. This led to a considerable demand for coin from the Bank.

The year 1797 is, however, the most important epoch in the recent history of the Bank. Owing partly to events connected with the war in which we were then engaged—to loans to the Emperor of Germany—to bills drawn on the Treasury at home by the British agents abroad—and partly, and chiefly, perhaps, to the advances most unwillingly made by the Bank to Government, which prevented the Directors from having a sufficient control over their issues, the exchanges became unfavourable in 1795, and in that and the following year large sums in specie were drawn from the Bank.* In the latter end of 1796 and the beginning of 1797, considerable apprehensions were entertained of invasion, and rumours were propagated of descents having been actually made on the coast. In consequence of the fears that were thus excited, runs were made on the provincial banks in different parts of the country; and some of them having failed, the panic

* So early as December, 1794, the Court of Directors represented to Government their uneasiness on account of the magnitude of the debt due by the Government to the Bank, and anxiously requested a re-payment of at least a considerable part of what had been advanced. In January 1795, they resolved to limit their advances upon Treasury bills to 500,000*l.*; and at the same time they informed Mr. Pitt that it was their wish that he would adjust his measures for the year *in such a manner as not to depend on any further assistance from them*. On the 11th of February, 1796, they resolved, "That it is the opinion of this Court, founded upon the experience of the late Imperial loan, that if any further loan or advance of money to the Emperor, or to any of the Foreign States, should in the present state of affairs take place, it will, in all probability, prove fatal to the Bank of England. The Court of Directors do, therefore, most earnestly deprecate the adoption of any such measure, and they solemnly protest against any responsibility for the calamitous consequences that may follow thereupon." But notwithstanding these, and many other similar remonstrances, fresh advances of money were made to our foreign allies, and fresh demands upon the Bank; the Directors reluctantly abandoning their own better judgment to what they truly termed the "*pressing solicitations*" of the Chancellor of the Exchequer, and their desire to avert "the probable distress which a refusal (on their part) might occasion, in the then alarming situation of public affairs." But notwithstanding the difficulties of the Bank were greatly aggravated by that conduct on the part of Government against which the Directors had so strongly protested, she could hardly, in any state of her affairs, have got safely over the crisis of 1797. The run upon the Bank that then took place, was occasioned by alarms of invasion; and it is clear, as remarked in the text, that while they continued, no paper immediately convertible into gold could remain in circulation.

became general, and extended itself to London. Demands for cash poured in upon the Bank from all quarters; and on Saturday the 25th February, 1797, she had only 1,272,000*l.* of cash and bullion in her coffers, with every prospect of a violent run taking place on the following Monday. In this emergency an Order in Council was issued on Sunday the 26th, prohibiting the Directors from paying their notes in cash until the sense of Parliament had been taken on the subject. And after Parliament met, and the measure had been much discussed, it was agreed to continue the restriction till six months after the signature of a definitive treaty of peace.

As soon as the Order in Council prohibiting payments in cash appeared, a meeting of the principal bankers, merchants, traders, &c. of the metropolis, was held at the Mansion-house, when a Resolution was agreed to, and very numerously signed, pledging, as had been done in 1745, those present to accept, and to use every means in their power to cause Bank notes to be accepted as cash in all transactions. This resolution tended to allay the apprehensions that the restriction had excited.

Parliament being sitting at the time, a Committee was immediately appointed to examine the affairs of the Bank; and their Report put to rest whatever doubts might have been entertained with respect to the solvency of the establishment, by shewing that at the moment when the Order in Council appeared, the Bank was possessed of property to the amount of 15,513,690*l.*, after all claims upon it had been deducted.

Much difference of opinion has existed with respect to the policy of the restriction in 1797; but considering the peculiar circumstances under which it took place, its expediency seems abundantly obvious. The run did not originate in any over-issue of Bank paper; but grew entirely out of political causes. So long as the alarms of invasion continued, it was clear that no Bank paper immediately convertible into gold would remain in circulation. And as the Bank, though possessed of ample funds, was without the means of instantly retiring her notes, she might, but for the interference of Government, have been obliged to stop payments; an event which, had it occurred, must have produced consequences in the last degree fatal to the public interests.

It had been generally supposed, previously to the passing of the Restriction Act, that Bank notes would not circulate unless they were immediately convertible into cash. But the event shewed, conformably to principles that have since been fully explained, that this was not really the case. Though the notes of the Bank of England were not, at the passing of the Restriction Act, publicly declared to be legal tender, they were rendered so in practice; being received as cash in all transactions on account of Government, and of the vast majority of individuals. For the first three years of the restriction, their issues were so moderate, that they not only kept on a par with gold, but actually bore a small premium. In the latter part of 1800, however, their quantity was so much increased that they fell to a discount of about 8 per cent., as compared with gold, but they soon after rose nearly to par; and it was not until 1808 that the decline of their value excited any considerable attention. Early in 1810, they were at a discount of about 13½ per cent., and this extraordinary fall having attracted the attention of the Legislature, the House of Commons appointed a Committee to inquire into the circumstances by which it had been occasioned. The Committee examined several witnesses; and in their Report, which was drawn up with considerable ability, they justly ascribed the fall to the over-issue of Bank paper; and recommended that the Bank should be obliged to resume cash payments within two years. This recommendation was not, however, acted upon. And the value of Bank paper continued to decline, as compared with gold, till 1814.

At the period when the restriction on cash payments took place in 1797, it is supposed that there were about 280 country banks in existence. But so rapidly were these establishments multiplied, that they amounted to above 700 in 1813. The price of corn, influenced partly by the depreciation of the currency, and the facility with which discounts were obtained, but far more by deficient harvests, and the unprecedented difficulties which the war threw in the way of importation, had risen to an extraordinary height during the five years ending with 1813. But the harvest of that year being unusually productive, and the intercourse with the Continent being then also renewed, prices, influenced by both circumstances, sustained a very heavy fall in the latter part of 1813, and the beginning of 1814. And this fall having proved ruinous to a considerable number of farmers, and produced a general want of confidence, such a destruction of provincial paper took place as has rarely been paralleled. In 1814, 15, and 16, no fewer than 240 country banks stopped payment, and *ninety-two* commissions of bankruptcy were issued against these establishments, being at the rate of *one* commission against every *seven and a half* of the total number of banks existing in 1813.

The great reduction that had been thus suddenly and violently brought about in the quantity of country bank paper, had the effect, by extending the field for the circulation of Bank of England paper, to raise its value in 1817, nearly to a par with gold. The return to cash payments being thus facilitated, it was fixed, in 1819, by the act 59 Geo. III., cap. 78, commonly called Mr. Peel's Act, that they should take place in 1823. But to prevent any future over-issue, and at the same time to render the measure as little burdensome as possible, it was enacted, in pursuance of a plan suggested by the late Mr. Ricardo, that the Bank should be obliged, during the interval from the passing of the Act till the return to specie payments, to pay her notes, if required, in bars of standard bullion of not less than sixty ounces weight. This plan was not, however, acted upon during the period allowed by law; for, a large amount of gold having been accumulated at the Bank, the Directors preferred recommencing specie payments on the 1st of May, 1821. (See Appendix B for an account of the price of bullion, the depreciation of paper, &c., from 1800 to 1821).

A great diversity of opinion has been entertained with respect to the policy of the return to the old standard, in 1819. By one party it has been represented as a wise and politic measure; they contend that Mr. Peel's Act not only put an end to those fluctuations in the value of money, which had previously been productive of great mischief, and gave effect to the solemn engagements into which the public had entered with the national creditor, but that it did this without adding anything material to the national burdens. But another, and, perhaps, a more numerous party, take a totally different view of this measure; they contend that the public was not really bound to return to cash payments at the old standard at the termination of the war; that the return has very greatly enhanced the value of the currency; and that this enhancement, by adding proportionally to the fixed burdens laid on the industrious classes, has been most injurious to their interests. It will, however, be found in this, as in most cases of the sort, that the statements of both parties are exaggerated; and that if, on the one hand, the measure has not been so advantageous as its apologists represent, neither, on the other, has it been nearly so injurious as its enemies would have us to believe.

In discussing this question it is material to observe, that the value of paper, which had been in 1815 and 1816 about 16¾ per cent. below that of gold, rose in 1817 and 1818, from the causes already mentioned, without any interference whatever on the part of Government, to within little more than 2½ per cent. of the value of gold; and that in 1819 the depreciation only amounted to 4½ per cent. (See Appendix, B). It is, therefore, quite ludicrous to ascribe to the Act of 1819, as is often done, the whole rise that has taken place in the value of the currency since the peace, seeing that the currency had been for *three years previously to its enactment* from 12½ to 14½ per cent. above its value in 1815, and from 21 to 23 per cent. above its value in 1814! The main object which the promoters of the Act of 1819 had in view, was to sustain the value of the currency at the point to which it had recovered itself without legislative interference. This, however, could not be done without recurring to specie payments; and the difference of 4½ per cent. that obtained in 1819 between the value of gold and paper, was not deemed sufficiently considerable to warrant a departure from the old standard, and from the Acts engaging to restore it.

But it is alleged, that those who suppose that the Act of 1819 added only 4½ per cent. to the value of the currency, mistake altogether the effect of the measure. It is admitted, indeed, that paper was then only 4½ per cent. less valuable than gold; but by reverting to specie payments, we made an unexpected purchase of *thirty millions* of gold; and it is affirmed, that this novel and large demand, concurring simultaneously with the contraction of paper in several of the Continental States, and with a falling off in the supply of bullion from the mines, had the effect of adding very greatly to the value of gold itself, and consequently to that of the currency. It is very difficult, or rather, perhaps, impossible to determine the precise degree of credit that ought to be attached to this statement; but while we incline to think that it is well-founded to a certain extent, we see no grounds for believing that it is so to anything like the extent that has been stated. The gold imported into Great Britain, to enable the Bank to resume specie payments, was not taken from any particular country or district, but was drawn from the market of the world; and considering the vast extent of the supply whence it was derived, it is against all reason to suppose that its value could be materially influenced by our purchases. We doubt, too, whether the contraction of the paper currency of some of the Continental States, and the substitution of specie in its stead, was not more than balanced by the cessation of the demand for specie for the military chests of the different armies, by the stoppage of the practice of hoarding, and the greater security consequent to the return of peace. And with respect to the falling off in the supplies from the mines, it is not a circumstance, supposing it to have had a considerable influence, that parliament could take into account. It could neither determine the extent to which bullion had been raised, nor at what point the rise would stop, nor how soon it might again begin to decline. The diminution in the supply of bullion had then continued for too short a period, and its influence on the value of gold was much too uncertain, to make it a ground for interfering in any degree with the standard.

The decline in the price of most articles that has taken place since the peace, has been often referred to, as a conclusive proof of the great enhancement in the value of bullion. But the inference is by no means so certain as has been represented. The prices of commodities are as much affected by changes in the cost of their production, as by changes in the quantity of money afloat. Now there is hardly one of the great articles of commerce, the cost of which has not been considerably reduced, or which has not been supplied from new sources, within the last few years. The growth of corn, for example, has been vastly extended in France, Prussia, and generally throughout the Continent, by the splitting of large estates, and the complete subversion of the feudal system; and the reduction of its price in this country, is, at least, as much owing to the extraordinary increase of imports from Ireland, as to any other cause. The fall in the price of wool is most satisfactorily accounted for by the introduction and rapid multiplication of Merino sheep in Germany, where they seem to succeed even better than in Spain, and by the growing imports from New Holland and elsewhere. And a very large portion, if not the whole, of the fall in the price of Colonial products, is admitted, on all hands, to be owing to the destruction of the monopoly system, and the vast extension of cultivation in Cuba, Brazil, Louisiana, Demerara, &c. Although, therefore, we do not deny that the falling off in the supply of bullion from the mines must have had some influence on prices, we hold it to be the greatest imaginable error to ascribe to it the entire fall that has taken place since the peace. Were its effect rated at 10 per cent. we believe it would be considerably overstated.

On the whole, therefore, we are disposed to approve of the conduct of those who framed the Act of 1819. That it added to the burdens of the industrious classes, and has been in so far hostile to the public interests, it seems impossible to doubt; but it has not done this in any thing like the degree which its enemies represent. The period, too, when it was passed, is now so distant, that the existing engagements amongst individuals have almost all been formed with reference to the altered value of the currency; so that whatever injury it may have occasioned in the first instance, must be nearly gone by. To modify or change the standard at this late period, would not be to repair injustice, but to commit it afresh. At the end of the war, the circumstances were considerably different. The standard had been really abandoned for the previous eighteen years; and, perhaps, we may now say, that it would have been better, all things considered, had the mint price of bullion been raised, in 1815, to the market price. But having surmounted all the difficulties attendant upon the restoration of the old standard, and maintained it for a dozen years, it would be in the last degree impolitic to subject it to new alterations. Should the country become, at any future period, unable to make good its engagements, it will better consult its honour and its interest, by fairly compounding with its creditors, than by endeavouring to slip from its engagements by resorting to the dishonest expedient of enfeebling the standard.

The price of corn, which had been very much depressed in 1821 and 1822, rallied in 1823; and this circumstance contributed, along with others peculiar to that period, to promote an extraordinary rage for speculation. The issues of the country banks being in consequence far too much extended, the currency became redundant in 1824; and the exchanges having been depressed, a drain for gold began to operate upon the Bank of England. The Bank does not appear to have taken any steps for upwards of a twelvemonth, by contracting her issues, to check the drain; but being at length compelled, in order to prevent the exhaustion of her coffers, to lessen her paper, a violent revulsion took place. Such of the country banks—and they were a numerous class—as had been originally established without sufficient capital, and such as had conducted their business upon erroneous principles, began to give way the moment they experienced an increased difficulty of obtaining pecuniary accommodations in London. The alarm once excited, soon became general; and confidence and credit were, for a while, almost wholly suspended. In the short space of six weeks, above seventy banking establishments were destroyed, notwithstanding the very large advances made to them by the Bank of England; and the run upon the Bank, for cash to supply the exigences of the country banks, was so heavy, that she was well nigh drained of all the coin in her coffers, and obliged, as already remarked, to issue about a million of one and two pound notes.

In order to guard against a recurrence of the wide-spread mischief and ruin, produced by this and the previous bankruptcies of the country banks, it was resolved, in 1826, with consent of the Bank of England, to make a change in the law of 1708, limiting the number of partners in banking establishments to six only. And it was accordingly enacted, that henceforth any number of partners might form themselves into associations, to carry on the business of banking, any where not within *sixty-five miles* of London. The Directors of the Bank of England came, at the same time, to the resolution of establishing branches in some of the principal towns; and, at this moment, branch-banks are established in Gloucester, Manchester, Birmingham, Leeds, Liverpool, Bristol, Exeter, Newcastle-on-Tyne, Hull, Norwich, &c.*

* See Appendix, C., for an account of the total amount of the outstanding claims on the Bank of England, and of her funds for discharging the same, on the 30th of January, 1819, as given in the Report of the Committee of the House of Commons, on the Resumption of Cash Payments.

The branch-banks cannot fail of being highly useful. But we believe that the benefit expected to result from the formation of joint stock banks, will not be nearly so great as has been anticipated. Even were they organised in all large towns, which there is but little reason to expect, seeing that every individual taking a share in one of them, is bound, to the whole extent of his fortune, for their engagements, the lesser towns and country districts would be left to deal with the inferior description of banks. But, supposing them to be universally established, so long as every one is allowed to issue notes without any sort of check or control, a thousand devices may be fallen upon, to ensure a certain circulation to those that are most worthless. At best, this measure is but a feeble palliative of inveterate disorders. It is quite illusory to expect to make any real improvement upon the system of country banking in England, by the mere introduction of a plan for *allowing* banking establishments with large capitals, to be set on foot. There have always been, and are at this moment, a great number of such establishments in England. What is really wanted, is the adoption of a system, that will exclude the possibility of notes being discredited, by *preventing* all individuals or associations from issuing such as have not been previously guaranteed.

Besides attempting to lessen the frequency of bankruptcy among the country banks, by repealing the law limiting the number of partners, it was farther resolved, in 1826, to prohibit the future issue of one pound notes. The policy and effects of this measure, have given rise to much dispute. It seems clear, that it will go far to shut up one of the most convenient channels by which the inferior class of country bankers contrived to get their notes into circulation, and will, in so far, do good. But there are many other channels that are still open to them; and to imagine that this measure will place the provincial currency on that solid basis on which it ought to be placed, is quite visionary. There were no notes under 5*l.* in circulation in 1792; and yet fully *one-third* of the country banks then in existence became bankrupt! The truth is, as already stated, that it is not possible to guard against loss and fraud, from the proceedings of the country bankers, otherwise than by compelling them to give security for their issues; and, as security may as easily be given for 1*l.* notes as for those of 5*l.*, the suppression of the former does not appear to have been at all essential. No doubt can, however, be entertained, that the representations as to the extreme injury occasioned by the withdrawal of the 1*l.* notes, have been very greatly exaggerated;—though it is at the same time obvious, that the means of the bankers to make advances, as well as the profit derived from making them, must both have been diminished by the suppression of the small notes; and it would be foolish to deny, that this circumstance must have occasioned some loss and inconvenience to many individuals.

These remarks are meant to apply only to the case of the country banks. The extraordinary extent to which the forgery of the 1*l.* notes of the Bank of England was carried, affords, perhaps, a sufficient vindication of the policy of their suppression. But the comparatively limited circulation of the country banks, and, perhaps we may add, the greater attention paid to the manner in which their notes were engraved, hindered their forgery from becoming injuriously prevalent.

CHAP. III.

Bank of England in its Connexion with Government and the Public.

The Bank of England conducts the whole banking business of the British government. "It acts not only," says Dr. Smith, "as an ordinary bank, but as a great engine of state. It receives and pays the greater part of the annuities, which are due to the creditors of the public; it circulates Exchequer bills; and it advances to government the annual amount of the land and malt taxes, which are frequently not paid till some years thereafter."

The greater part of the paper of the Bank has generally, indeed, been issued in the way of advances or loans to Government, upon security of certain branches of the revenue, and in the purchase of Exchequer bills and bullion; but her issues through the medium of discounts to individuals have, notwithstanding, been considerable. Among the papers laid by the Bank before Parliament in 1797, was a scale of the cash and bullion in her coffers during every quarter of a year, for several years previously to the restriction. In this scale the real numbers were not given; and it was some time before it was ascertained what was the actual value of the numbers of which the proportional values only were expressed. At length, however, it was discovered that in the scale of cash and bullion, the number 660 represented four millions; and that in the scale of bills discounted, the unit was two millions. The key being thus found, the real amounts of cash and bullion in the possession of the Bank, and of bills discounted, were easily computed, and were, during the undermentioned periods, as follows:—

Account of Cash and Bullion in the Bank, Bills Discounted, and Advances to Government, from March, 1793, *to Feb.* 26*th,* 1797.

Dates.		Cash and Bullion in hand.	Bills Discounted.	Average Advance to Government.
		£	£	£
1793	March . . .	3,508,000	4,817,000	8,735,200
	June	4,412,000	5,128,000	9,434,000
	September .	6,836,000	2,065,000	9,455,700
	December .	7,720,000	1,976,000	8,887,500
1794	March . . .	8,608,000	2,908,000	8,494,100
	June	8,208,000	3,263,000	7,735,800
	September .	8,096,000	2,000,000	6,779,800
	December .	7,768,000	1,887,000	7,545,100
1795	March . . .	7,940,000	2,287,000	9,773,700
	June	7,356,000	3,485,000	10,879,700
	September .	5,792,000	1,887,000	10,197,600
	December .	4,000,000	3,109,000	10,863,100
1796	March . . .	2,972,000	2,820,000	11,351,000
	June	2,582,000	3,730,000	11,269,700
	September .	2,532,000	3,352,000	9,901,100
	December .	2,508,000	3,796,000	9,511,400
1797	February 26th	1,272,000	2,905,000	10,672,490

Subsequently to 1797, the advances to Government were still larger. They were, during the five years ending with 1818, as follows:—

	£		£
1814 . . .	30,149,000	1817 . . .	27,347,000
1815 . . .	26,494,000	1818 . . .	28,061,000*
1816 . . .	23,544,000		

In 1819 provision was made for reducing the amount of these advances; and they are not at present, excluding the advance on account of the dead weight, much above a third of their amount in 1818. It should also be observed,

* These are the averages of the total advances on the 26th February, and the 26th August, each year.

that during the greater part of the war the advances were not nearly so great, and did not indeed reach eighteen millions until the latter part of 1811.

In point of fact, however, a very large part of these advances has been nominal only, or which is the same thing, has been virtually cancelled by the balances of public money in the hands of the Bank. Thus, from 1806 to 1810, both inclusive, the average advances to Government amounted to 14,492,970*l.* But the average balance of public money in the possession of the Bank during the same period, amounted to about 11,000,000*l.*; so that the real advance was equal only to the difference between these two sums, or to about 3,500,000*l.* This statement completely negatives, as Mr. Tooke has justly stated, the supposition so commonly entertained and reasoned upon as a point beyond doubt, that the Bank was rendered, by the restriction, a mere engine in the hands of Government for facilitating its financial operations.*

The Bank being enabled to employ the greater part of the balances of public money in her hands as capital, they have formed one of the main sources of the profit she has derived from her transactions with the public. This subject was brought very prominently forward in the Second Report of the Committee of the House of Commons on Public Expenditure in 1807. And it was agreed in the same year, that the Bank should, in consideration of the advantages derived from the public balances, continue the loan of three millions made to Government in 1800 for six years, without interest, on the same terms, till six months after the signature of a definitive treaty of peace. In 1816 this sum was finally incorporated with the debt due

* First Letter to Lord Grenville, p. 64.

by Government to the Bank, at an interest of three per cent. In 1818 the public balances had fallen to about seven millions; and they have been still further reduced, in consequence of measures that were then adopted. In 1825 they amounted at an average to 5,247,314*l.*; and in 1829, to 3,862,656*l.*

A part of the public balances is formed of the dividends payable at the Bank but unclaimed. The balance arising from this source has sometimes amounted to above a million; but in 1808 and 1811, arrangements were made by which the balances growing out of this fund have been much reduced.

Previously to 1786, the Bank received an allowance on account of the management of the public debt, that is, for trouble in paying the dividends, superintending the transfer of stock, &c. of 562*l.* 10*s.* a million. In 1786, this allowance was reduced to 450*l.* a million, the Bank being, at the same time, entitled to a considerable allowance for her trouble in receiving contributions on loans, lotteries, &c. This, however, had been long regarded as a very improvident arrangement on the part of the public; but it was acquiesced in till 1808, when the allowance on account of management was reduced to 340*l.* a million on 600 millions of the public debt; and to 300*l.* a million on all that it exceeded that sum, exclusive of some separate allowances for annuities, &c. The impression, however, seems still to be entertained, that the allowances for management should be further reduced. *

It is necessary, however, to observe that the responsibility

* See Appendix, D. for an account, printed by order of the House of Commons, (12th March, 1830), of the sums paid by the public to the Bank, for the management of the public debt during the year 1829.

and expense incurred by the Bank in managing the public debt are very great. The temptation to the commission of fraud in transferring stock from one individual to another, and in the payment of the dividends, is well known; and notwithstanding the skilfully devised system of checks adopted by the Bank for its prevention, she has frequently sustained very great losses by forgery and otherwise. In 1803 the Bank lost, through a fraud committed by one of her principal cashiers, Mr. Astlett, no less than 300,000*l.* And our readers are all aware of the large sums she recently lost by the forgeries of Fauntleroy the banker.

The total sum paid by the public to the Bank on account of loans raised, exchequer bills funded, transfer of three and a half per cent. stock, &c. from 1793 to 1820, both included, amounted to 426,795*l.* 1*s.* 11*d.*—(*Parl. Paper, No.* 81, *Session* 1822).

Besides the transactions already alluded to, the Bank entered, on the 20th March, 1823, into an engagement with Government with respect to the public pensions and annuities, or as they have been more commonly termed the *dead weight*. At the end of the war the naval and military pensions, superannuated allowances, &c. amounted to above five millions a year. They would, of course, have been gradually lessened and ultimately extinguished by the death of the parties. But it was resolved, in 1822, to attempt to spread the burden equally over the whole period of *forty-five* years, during which it was calculated the annuities would continue to decrease. To effect this purpose it was supposed that upon Government offering to pay 2,800,000*l.* a year for forty-five years, capitalists would be found who would undertake to pay the entire annuities, according to a graduated scale previously determined upon, making the first year a payment of 4,900,000*l.*, and gradually decreasing the payments until the forty-fifth and last year, when they were to amount to only 300,000*l.* This supposition was not, however, realised. No capitalists were found willing to enter into such distant engagements. But in 1823 the Bank agreed, on condition of receiving an annuity of 585,740*l.* for *forty-four* years, commencing on the 5th April, 1823, to pay, on account of the pensions, &c. at different specified periods, between the years 1823 and 1828, both inclusive, the sum of 13,089,419*l.*

The Bank discounted private bills at five per cent. during nearly the whole period from her establishment till 1824, when the rate was reduced to 4 per cent. In 1826 it was raised to 5 per cent.; but was again reduced to 4 per cent. in 1828, at which it continues. It may well be doubted, however, whether the rate of discount ought not to be more frequently varied, as occasion may require. When the currency happens, from any cause, to become redundant, its contraction, always a matter of some difficulty, is to be effected only by the sale of bullion or public securities by the Bank, or by a diminution of the usual discounts, or all. But were the Bank to throw any considerable amount of public securities upon the market, the circumstance would be apt to excite alarm; and even though it did not, it would be difficult to dispose of them without a heavy loss. Hence, when a reduction is determined upon, it is most commonly effected partly by a contraction of discounts. And, it is plain, that such contraction cannot be made except by rejecting altogether some of the bills sent in for discount, or, which is in effect the same thing, by shortening their dates, or by raising the rate of interest, so that fewer may be sent in. Of these methods, the last seems to be, in every respect, the most expedient. When bills are rejected for no other reason than that the currency may be contracted, the greatest injury is done to individuals, who, entertaining no doubt of getting their usual accommodations from the Bank, may have entered into transactions which they are thus deprived of the means of completing. Were the reduction made by raising the rate of interest, it would principally affect those who are *best able to bear it;* at the same time that its operation, instead of being, like the rejection of bills, arbitrary and capricious, would be uniform and impartial. It does, therefore, seem that the Bank should never throw out good bills that she may contract her issues; but that when she has resolved upon such a measure, she should, provided the contraction cannot be made by the sale of bullion and public securities, raise the rate of discount. The Bank cannot, however, act in the way now suggested so long as the usury laws are in existence; and this circumstance forms a powerful argument in favour of their repeal. But if it should be deemed hazardous (though we cannot see in what the hazard would consist), totally to annihilate these laws, there can, it is plain, be nothing to fear from exempting the Bank from their operation. She does not advance money to the landlords. They, therefore, could be nowise affected by her raising the rate of discount; and it must be admitted by every one, that it would be infinitely more for the advantage of the mercantile class, that she should be allowed to do this, than that she should be driven, as is every now and then the case, under the present system, to the necessity of arbitrarily rejecting good bills.

The dividends on Bank stock, from the establishment of the company to the present time, have been as follows :—

Dividends on Bank Stock, from the Establishment of the Company to the present time.

	Years.	Dividend.		Years.	Dividend.
	1694	8 per cent.	Lady-day	1747	5 per cent.
	1697	9 —	Ditto	1753	4½ —
	1708	Varied from 9	Michaelmas	1753	5 —
	1729	to 5½ per cent.	Lady-day	1754	4½ —
Lady-day	1730	6 —	Michaelmas	1764	5 —
Michaelmas	1730	5½ —	Ditto	1767	5½ —
Lady-day	1731	6 —	Ditto	1781	6 —
Michaelmas	1731	5½ —	Lady-day	1788	7 —
Lady-day	1732	6 —	Ditto	1807	10 —
Michaelmas	1732	5½ —	Ditto	1823	8 —

Previously to 1759, the Bank of England issued no notes for less than 20*l.* She began to issue ten pound notes in 1759; five pound notes in 1793; and one and two pound notes in March, 1797.

The Bank of England does not allow, either at the head office in London, or at her branches, any interest on deposits. But it would be exceedingly desirable were she to make some alteration in this respect. The want of the power readily to invest small sums productively, and, at the same time, with perfect security, tends to weaken the motives to save and accumulate. Nothing has contributed more to diffuse a spirit of economy, and a desire to save, amongst all classes of the population of Scotland, than the readiness with which deposits of small sums are received by banks of undoubted solidity in that part of the country, and the allowance of interest upon them. This advantage is in some degree, indeed, secured in England, by the institution of savings banks. These, however, are but a very inadequate substitute. They are not open to all classes of depositors; and of those to whom they are open, no one can deposit more than 50*l.* the first year, and 30*l.* every subsequent year, until he has deposited 200*l.*, when no more is received. But it is desirable that every facility should be given to safe and profitable investments. "Were the English Banks, like the Scotch Banks, to receive deposits of 10*l.* and upwards, and allow interest upon them at about one per cent. less than the market rate, they would confer an immense advantage upon the community, and open a source of profit to themselves. This is, in fact, a part of the proper business of a bank. A banker is a dealer in capital, an intermediate party between the borrower and the lender. He borrows of one party, and lends to another; and the difference between the terms at which he borrows and those at which he lends, is the source of his profit. By this means, he draws into active operation those small sums of money which were previously unproductive in the hands of private individuals, and at the same time furnishes accommodation to another class, who have occasion for additional capital to carry on their commercial transactions."*

In further corroboration of what has now been stated, it may be mentioned that it was estimated by a very well-informed witness (Mr. J. G. Craig), before the Lords' Committee, on Scotch and Irish banking, in 1826, that the deposits in the Scotch banks, at that period, amounted to about 24,000,000*l.*, of which more than a half consisted of sums from 10*l.* to 200*l.*! This is a most satisfactory proof of the vast importance of the system. Perhaps it is not going too far to affirm, that but for the receiving of deposits by the Banks, and the allowing of interest upon them, not one-third of the sums under 200*l.*, and not one half of those above it, would ever have been accumulated.

[See Appendix, F. for an account of the amount of Bank of England notes, post bills, &c., in circulation since 1790].

* See Gilbart's Practical Observations on Banking, p. 52.

CHAP. IV.

Prolongation of the Bank Charter.

The question as to the prolongation of the charter of the Bank, is one of the very highest importance. Its decision cannot fail materially to affect the interests of the public as well as those of the Bank Corporation.

According to the existing law, Banks, for the issue of notes, may be established, with any number of partners, at any place above 65 miles distant from London. Hence the practical, or rather, indeed, the only questions for consideration, with reference to this subject, are, Whether should the privilege of issuing notes in London be conceded to all individuals, or ought it to be confined, as hitherto, to some one body? and if the latter, Whether should that one body be the Bank of England?

I. With respect to the question as to the issue of notes in London, it may be observed, that but little light can be thrown upon it, by observing what has taken place in Scotland, and other places, where banking is free. The transactions carried on throughout the provinces are all of a very subordinate description. The currency issued by one provincial bank may displace that which is issued by another; but no changes of this sort, how important soever they may be to the parties immediately interested, can exercise any considerable influence over the great mass of the currency of the country. Nothing can affect this, without affecting the foreign exchanges; and, consequently, without affecting the currency of London. No doubt it is true that the currency of the latter may be, and in fact has been more than once, rendered redundant by an over-issue of country paper; for, such over-issue, tends, by displacing London paper in the country, and forcing it back upon its issuers here, to contract the sphere of its circulation, and to render it excessive. But such an over-issue of country currency as would affect the currency of the metropolis, and produce a depression of the exchange, could not be caused by the competition, or the excessive issue of the provincial banks of one district, but must be the result of their generally over-issuing, as was the case in 1825. It is to no purpose, therefore, to contend that because the competition incident to a free system of banking is productive of no public inconvenience, but the reverse, in Edinburgh, Glasgow, or Manchester, it would be equally innocuous or beneficial in London. Were one Edinburgh bank, by discounting on lower terms than its neighbours, or in any other way, to get a large quantity of its paper into circulation, and to render the currency of Edinburgh redundant, it would not cause a demand for gold on the banks in that city, and the exchange upon London would merely be somewhat depressed. And supposing the Edinburgh banks to be all in good credit, no material inconvenience would result from this even to themselves; while it is quite obvious it would occasion no sort of inconvenience to any individual in any other part of the country. But were such a thing to be done in London, the case would be totally different. London is the centre to which all the pecuniary transactions of the different parts of the empire are brought to be finally adjusted; and it is the place at which almost all foreign bills of exchange are made payable. And hence, whatever causes any disturbance, however slight, in the value of its currency, is not only felt in the remotest corners of the empire, but affects, either sooner or later, the foreign exchanges; so that every undertaking of a commercial nature in which we happen to be engaged, at home and abroad, is subjected to vicissitude. Nothing, in fact, can be more perfectly nugatory than to contend, that, because one species of banking succeeds well in one place, it will succeed equally well in all other places. Were the pecuniary transactions of London and Edinburgh similar, it might be fairly predicted that a banking system that answered in the one could hardly fail of answering in the other. But when, instead of being similar, the nature and extent of the pecuniary transactions of the metropolis are as different from those of Edinburgh, or of any provincial town, as light from darkness, it does, to say the least of it, seem not a little inconsequential to argue, that the same power of issuing notes that has been advantageously conceded to the Scotch bankers, may be with equal advantage conceded to those of London.

Although, therefore, we are not, either in this or any similar investigation, to neglect the lights furnished by experience, which is, indeed, the only guide to rely upon in such matters, it must be such an experience as is really applicable to the circumstances of the case in question; and to such, luckily, we are able to refer. We know what the conduct of the Bank of England has been; and we also know what the conduct of banking establishments, in competition with each other, has been, and what, we may add, it cannot fail to be.

So long as the Bank of England is subjected to the obligation of paying her notes in specie on demand, so long are her interests and those of the public identified. If she starve the circulation by issuing too few notes, their place is supplied with gold, and the Bank loses the profit she might have made upon their issue; while, upon the other hand, if she over issue, a portion of her paper is eventually returned upon her for payment, and, in order that she may stop the drain upon her coffers, she reduces her notes afloat to the proper quantity. We do not pretend to say that the Bank has *immediately* acted in the way now stated, whenever the currency has been either deficient or redundant. It is certain, however, that she never acted otherwise, without injuring her own interests more than she injured those of any one else. Her conduct in 1824, and the greater part of 1825, was censurable, inasmuch as she did not make any reduction of her issues, notwithstanding the continued exportation of bullion, and the wild projects that were then universally entertained, shewed, in the clearest manner, that the currency was redundant. The mistake of the Directors proceeded, we believe, from their erroneously ascribing the demand for bullion to commercial causes, and supposing that by contracting their issues they would occasion great mercantile distress, without stopping the drain. But, from whatever source it proceeded, the error was most injurious to the Bank, which was brought into a state of considerable danger. We have, therefore, the best of all securities—the only one, indeed, on which the least stress can be laid—the plain and obvious interest of the parties concerned, that such mistakes will not be of frequent occurrence. Whatever else may be thought of the Bank Directors, no one ever presumed to doubt that they are, as they are bound to be, honestly desirous of promoting the interests of their establishment. And so long as the system of cash payments is continued, it is demonstrable, that that conduct which is most for the advantage of the Bank, is also most for the advantage of the country. When it is the interest of the Bank that the amount of paper afloat should be increased, such is also the interest of the public, and precisely the same identity obtains when it is for the interest of the Bank that it should be diminished. Without, therefore, giving the Directors credit for more than ordinary sagacity, we feel satisfied, that while they are obliged to pay their notes on demand, nothing is to be apprehended from their proceedings. A regard to themselves, without looking to any thing higher, will keep them in the right path. Do what they will, it is not in their power to benefit the Corporation, without, at the same time, benefiting the public, nor to injure the latter, without, at the same time, injuring the former.

The statements now made, do not rest on any arbitrary or supposed grounds, but on the most comprehensive experience. From the beginning of last century, down to 1797, the notes of the Bank of England were payable in specie on demand; and during that whole period, it would be difficult to point out any particular instant when they were in excess, and impossible to point out one in which it could be truly said, that they were in such excess as to occasion any public inconvenience.

Such being the identity between the interests of the Bank of England and those of the public, as to the issue of notes, we have next to inquire, whether any such identity would obtain between the interests of the public and other bankers, were several establishments for the issue of notes opened in London. It will be very easy to shew that it would not.

Let it be supposed, in the first place, that two or more banks for the issue of notes are opened in London; either they would act in concert, or they would not. If they did act in concert, they would be, to all intents and purposes, *one* establishment, with different places for carrying on business. But the government of such an establishment would be clumsy in the extreme; and while its defects are obvious, it is difficult to discover any advantage it would afford to the public, that is not afforded by the Bank of England.

It is, however, sufficiently certain, were the power of issuing notes in London conceded to every one, that banking establishments would not act in concert; and though the contrary has been strenuously maintained, it is not difficult to shew, that how advantageous soever competition may be in most cases, it would, in this peculiar case, be most disastrous. Suppose, to illustrate what has now been stated, that a bank in good credit endeavours, either by discounting at a lower rate of interest than the rest, or by any other means, to increase its business; it could not fail, in doing so, to render the whole currency of the metropolis redundant, and to bring on such a drain for bullion, as might be productive of the most mischievous consequences. If the currency were previously at its proper level, any increased issue on the part of any single bank, in unquestionable credit, must plainly produce, in a greater or less degree, the effects now stated; for, if the currency be already full, the addition of more must make it run over, that is, it must lead to a depression of the exchange and a demand for bullion. It has been said, no doubt, that such a result could not happen; that the notes of the over-issuing bank would be immediately returned upon it; and that a regard for its own interests would make it adopt a different line of conduct. There is not more, however, than the shadow of a foundation for this statement. Though plausible in appearance, it contradicts and confutes itself. Were it really true, it would follow that the paper currency of no country in which there are different banks, could ever be redundant so long as any of them acted on a sound system, and, indeed, that no new bank could ever be established in such a country! Perhaps it is not necessary to say more, to shew the fallacy of such a statement; but as this is a matter of vital importance in the discussion of this question, let us suppose that there are *ten* banks, all enjoying equal and unbounded credit, established in London, for the issue of notes, and that they have issued 1,000,000*l.* each: suppose, farther, that one of these establishments thinks proper, with a view to some purpose or interest of its own, to increase its issues to 2,000,000*l.*: the currency of the metropolis, assuming it to have been previously at its proper level, will, of course, become redundant and there will be a fall of the exchange, and a demand for gold. It is clear, however, from the fact of the over-issuing bank being in quite as high credit as any of the others, that only the same *proportion,* or 10 per cent. of its notes, will be returned upon it for payment, that will be returned upon the others, so that when the exchange has recovered itself, and the drain has ceased, it will have 1,818,000*l.* afloat, and the other banks 909,000*l.* each.

That such would be the case, no one can reasonably doubt. A merchant sees, from the depression of the exchange, that the currency is redundant; and as *all* notes are, under the circumstances supposed, equally good in his estimation, he sends those in for payment that come first to hand. It is no business of his, to inquire whether the redundancy of currency be occasioned by the proceedings of the bank A, or the bank B; neither, perhaps, could he ascertain the fact, though he were to take the trouble of inquiring into it; and though he did, it would make no change upon his conduct. So long as he believes the different notes to be alike good, he will shew no preference to one more than to another, but will return them indiscriminately upon their issuers, while he can make a profit by doing so.

Thus it appears, that were several banks for the issue of notes established in London, it would be in the power of any one opulent bank, to occasion a heavy drain for bullion, and great distress and embarrassment throughout the country. All that would be required to produce these results would be, that she should add considerably to the amount of her issues. And she might do this for various objects—to realise an immediate profit; to obtain a great ultimate accession of business, by submitting to the risk of an immediate sacrifice; to weaken and embarrass her rivals, &c. It would be to no purpose, that *all* the other establishments conducted their business in the soberest manner and on the soundest principles; their forbearance could not prevent them from being materially injured by the proceedings of this single establishment, and some of them would certainly be tempted to endeavour to repair the injury done them by acting in the same way.

It would therefore seem, that that free system which we have been taught to consider as capable of eradicating all the evils that have hitherto been attached to banking, is one that, if introduced into London, would aggravate them a thousand-fold. It would give to ignorance, craft, and rapacity, the ascendancy over skill, integrity, and liberality: the former would have an almost unlimited power of doing mischief; the latter, little or no power of doing good.

It may be said perhaps that the preceding statement is not true except on the hypothesis that the exchanges are immediately affected by an increase of the currency of London, whereas they are only eventually affected by its over-issue causing an over-issue of country paper, and operating upon prices. In point of fact, however, the result is the same either way. The over-issuing bank must necessarily deal with the public on terms more advantageous to them than her rivals; and this circumstance would effectually disable the latter from counteracting her operations, *except by following a similar line of conduct.* Private bankers not issuing notes, bill brokers, &c., as well as private merchants, would all find it for their advantage to deal with a bank that discounted on lower terms, or gave greater facilities than the rest; so that the notes of such bank might in the end, provided the others did not give the same facilities, gain so much upon their's as nearly to drive them out of the field. To whatever extent the notes of the over-issuing bank were returned upon it by the others, to the same extent would these others accumulate bullion; and their profits being lessened by this increase of their unproductive stock, by the loss of customers attracted to the over-issuing bank, and by its notes supplanting theirs, there cannot be a question that some, perhaps most of them, would imitate its example. Under a system of this sort we should, every now and then, have precisely the same kind of competition among the banks of the metropolis that took place among the country banks in 1825. The only difference would be that when the recoil did take place, it would be a thousand times more severe; and that not only private, but also public credit, would run a great risk of being destroyed.

If it be stated, by way of objection to the principles here laid down, that any restriction upon the issue of paper, is contrary to and subversive of the principle of the freedom of industry, we answer, that this principle is subordinate to others. Freedom is valuable only as a means to an end; and whenever it can be shewn that that end—the *salus populi,* or public advantage—will be best secured by the imposition of restrictions, they ought, unquestionably to be imposed. There are not many *absolute principles* in political science; that is, there are not many that will admit of being laid broadly down and rigidly enforced at all times and places. The prevention of all private individuals from issuing coins, and the compelling of all weights and measures of the same denomination to be made of the same weight and magnitude, are restraints upon the free exercise of industry; but does any one presume to contend that they are not of the very highest utility? In most businesses, the greatest freedom of competition may be allowed, because every individual may be fairly supposed to be a better judge of what is advantageous for himself than any one else; and because, whatever tends most to advance the interests of individuals, tends most, in the great majority of cases, to advance those of the public. But in the operations of banking, this principle can be admitted only under certain modifications. It is, or it may be supposed to be, for the interest of a banker to issue as many notes as possible; but if, while pursuing his own interest in his own way, he issue so many as to depress the exchange and cause a drain for bullion, he subjects, not his brother bankers only, but the whole country to a considerable and certain inconvenience. We have previously seen that it is indispensable, in order to prevent the grossest frauds, to interdict the issue of all notes, unless their issuers give security for their payment. And we have now seen that it is further indispensable, in order to prevent the exchange from being depressed, the credit of the country injuriously affected, and its commercial transactions thrown into inextricable confusion, by the selfish or mistaken proceedings of individuals, to confine the power of issuing paper in London to a single body, which will consequently have the means of regulating the quantity of notes afloat, and may be made responsible to Parliament for its conduct.

But the statements hitherto made, serve only to give a very incomplete view of the injurious consequences that would infallibly follow from multiplying banks of issue in London.

In periods of distress and discredit, arising out of a falling exchange, whether that fall be brought about by previous over-issue, bad harvests, demands upon the treasury from abroad, or any other cause, the mercantile classes are placed in a situation of great difficulty, and require efficient support. The Bank of England, aware of the demands that will be made upon her in such a crisis, and that she alone will have to uphold the pecuniary system of the metropolis and the country, takes care to have, generally speaking, her coffers well supplied with coin and bullion; and is able, from her immense command of cash and credit, and the confidence placed in her by all classes, to meet a severe drain for gold, and, at the same time, to render effectual support to private bankers, merchants, &c. But were there various banks issuing paper in London, then, as no particular bank would incur any sort of general or public responsibility, all of them would act only with a view to their own interest, in the literal and most contracted sense of the term. They would not endeavour, like the Bank of England, to provide large supplies of cash and bullion against any emergency; but each being naturally disposed to trust as much, in a matter of this sort, to the efforts of others as to its own, the chances are ten to one that there would be a most inadequate provision to meet a fall of the exchange. But although such were not the case, it is sufficiently certain that no private bank would, at such a moment, venture to support its customers, either in the city or the country, by making advances to them. The stocks of coin and bullion in all the banks would necessarily be very much reduced by the drain for gold from abroad, so that the idea of their making an advance in coin would be out of the question. There is, however, quite as little probability that they would be disposed to make advances in paper, seeing that whatever portion of such paper came into the hands of any other bank, would be forthwith returned upon them; for each bank, anxious about nothing but its own safety, would be desirous of increasing its own supply of bullion, which it could only do at the expense of its neighbours; and it is easy, indeed, to see that the stoppage of any bank would be inevitable, which did not husband its resources with the utmost care. The consequences of a considerable fall of the exchange with a number of banks in London would, in truth, be quite frightful. Every one knows the ruin occasioned by the crisis in the latter part of 1825 and the beginning of 1826; but we hesitate not to say, that that ruin was trifling in the extreme, compared with what it would have been, had the paper currency of London been then supplied by different establishments. At the period in question, the Bank of England made loans upon the credit of funded and other property, which had become quite unsaleable, to the extent, we believe, of about *ten* millions; and those acquainted with the facts of the case will be forward to admit, that but for this opportune and liberal supply, the ruin of most private bankers, and of a very large part of the mercantile class throughout the country, would have been consummated. It would, however, be worse than absurd to suppose that any such advance, or any thing approaching to it, would have been made by a number of banks, all jealous of each other, with scanty stocks of bullion, dreading the return of their notes, and exempted from any public responsibility. We submit that, were there nothing more to be urged, what we have now stated is completely decisive, as to this part of the question. In legislating upon this momentous subject, it must be remembered that we are not legislating only for fair-weather periods, when the exchanges are at par or rising, and every thing in the commercial world is apparently sound and prosperous; but that we are also legislating for periods when the harvests have failed, when the exchanges are falling, and suspicion and discredit are abroad. It is then, when funded property is a drug, that extra assistance is required in the capital for the support of both private and public credit; and if it be not promptly and liberally afforded, both may be destroyed. A banking system fitted only for a period of prosperity, and unable to sustain itself and to assist the country in times of distress and difficulty, is as ill calculated for the great purposes it should serve, as the paper cannons of the Chinese for being used in war.

The example of the Scotch banks may here be referred to. They are most liberal of their advances so long as they conceive they run no risk in making them; but the moment that alarm and discredit begin to make their appearance, they demand payment of every advance that is not made on the very best security; they cease in a great measure to discount; and provide for their own security by ruining thousands of their customers. Had the Bank of England acted in 1792, 1815 and 1816, and in 1825 and 1826, as the Scotch banks act when they apprehend a return of their notes, all classes would have been involved in bankruptcy, and we should have been fortunate had we escaped a revolution!

Similar results are said to be exhibited in the State of Massachusetts, the banking system of which has received some encomiums in this country. We learn, from the best authority, that in Massachusetts the oscillations in the quantity of paper afloat are very sudden and violent, and have been productive of most injurious consequences.

It does, therefore, seem to us to be quite clear, that to avoid risking the total overthrow of commercial credit, in periods when there is a want of confidence and a falling exchange, it is indispensable that the paper currency of London should continue, as at present, to be supplied by only one bank. Such a bank having the command of very large funds, and enjoying an unlimited degree of credit, is able to make large advances; and its notes being readily accepted all over the country, immediately fill up the gap occasioned by the withdrawal or discredit of the notes of any of the provincial banks; so that with its assistance, the currency may be contracted and the exchange brought to par, with comparative facility. But were there a variety of banks here, none of them would enjoy any portion of that consideration which, now, attaches to the single "Bank of England." Messrs. A. of Lombard Street, Messrs. B. of Cheapside, and Messrs. C. of Birchin Lane, may be very excellent persons, and of undoubted solidity upon Change; but the squires, farmers, tradesmen, and clodpoles of the country, know them not; and would as soon think of taking one of Dan O'Connell's as their notes instead of cash. And hence, though the metropolitan bankers were disposed to accommodate their provincial correspondents with an advance of notes, it would be of no use to them: unless they sent them sovereigns, which they neither would nor could send, they could render them no support. And a provincial banker might thus be obliged, from inability to procure pecuniary support in the capital, or to sell Government securities, except at a ruinous loss, to stop payments, even supposing his fortune to be three or four times as great as the amount of his obligations.

We have heard that several of the country bankers are hostile to the Bank of England, and are desirous that every one should have power to issue paper in London. This report may be true; but we take leave to say, that the country bankers are far more interested in the support of the Bank of England, than any other class whatever. They *all* look to her for support when there is a run upon themselves, and the funds are depressed; and were that support withheld, the greater number of them would make one exhibition in the Gazette and be heard of no more. The country bankers cannot but be aware of this; and we, therefore, do not believe that they are recommending the *felo de se* policy in question.

We have previously shewn that one of the most serious defects in our present system of currency consists in the circumstance of the country banks being obliged to give specie for their notes. This has the effect, in all periods of panic and alarm, of forcing the country banks to make heavy demands for *gold* upon the Bank of England; who is in fact compelled to provide specie not only to meet the demands of the holders of her own notes, but also of the holders of the notes of the country banks. It was the necessities of the latter that occasioned the difficulties in which the Bank found herself involved early in 1826, when she was well nigh exhausted of her gold; not because her own issues were excessive, but because all the country bankers fell back upon her coffers for supplies of coin. To obviate this source of loss and of danger, not only to the stability of the Bank but to the whole financial system of the country, nothing more is necessary than to enact that country notes shall be payable only in notes of the Bank of England; for as the Bank's notes are themselves immediately convertible into specie, all over-issue would be as effectually prevented in this way as in that which is actually adopted. Such a plan, by enabling the Bank to make advances to country bankers, in periods of discredit, with far less inconvenience than at present, would powerfully contribute to their stability. But to do this would be impossible, were the Bank deprived of the exclusive privilege of issuing notes in London. No establishment would then possess power to elevate the exchanges when they were depressed; and as the depreciation caused by the over-issue of one bank would equally affect the issues of all the others, it would be out of the question to attempt rendering the paper of any of them *legal tender* for that of the country banks. And hence, if we would have this great reform effected in the state of the currency—and few could be made upon it of greater importance—it is essential that only one body be allowed to issue notes in London.

II. It being thus, we think, satisfactorily established that it would be highly inexpedient to allow to more than one body the privilege of issuing notes in London, we have next to inquire what this body ought to be. And it is universally admitted that, under the circumstances supposed, we have only to choose between the Bank of England and a National Bank, or a Bank established by Government, and responsible only to it.

Those who argue in favour of the establishment of a National Bank, rely principally on the saving which they think it might be made to produce to the public. The interest of the capital of 14,686,000*l.* lent by the Bank of England to Government at 3 per cent., amounts to 440,000*l.* a year, there being besides, as already seen, a sum of about 260,000*l.* a year paid to the Bank for managing the public debt; and it is contended that were a National Bank established, both these sums, amounting together to 700,000*l.* a year, might be saved to the public. It is clear, however, that the stamp duty of about 80,000*l.* a year payable by the Bank of England, and the expense of managing a National Bank, which might probably be estimated at 300,000*l.*,* making together 380,000*l.*, must be deducted from the above sum of 700,000*l*; and we believe we may safely add to the deductions to be made from the supposed gains, a further sum of 100,000*l.* a year for the expense to which the National Bank would be put in procuring supplies of bullion and coin, and in regulating her issues; so that the entire gain resulting from the supposed change could not amount, on the most exaggerated estimate, to above 220,000*l.*

But the more we consider this subject, the more are we satisfied that the establishment of a National Bank would be a most unwise measure, and that instead of being productive of any advantage, it could not fail to occasion very great loss and inconvenience.

In the *first* place it may be observed, that it would be idle to expect from the agents of Government, however conscientious, the same watchful attention to the affairs of

* This may seem a high estimate; but, in truth and reality, it is considerably below the mark. Every one knows that the business at the Bank of England is conducted with infinitely more economy than at the East-India-House, the Custom-House, or any other Government Office. But, notwithstanding, the Bank employs at this moment about 900 clerks, which, averaging their salaries at only 200*l.*, is 180,000*l.* a year. And if to this we add the payments on account of superannuations, stationery, house and other expenses, the sum we have named will appear inadequate to defray the current expenses of the establishment, without setting down any thing on account of the cost of the building. This, however, is an item that must not be forgotten; and no reasonable man will pretend to contradict us when we say, that Government could not purchase a site for a National Bank so convenient as that of the Bank of England, and construct the requisite buildings upon it, for less than 1,500,000*l.*, or 2,000,000*l.*

a National Bank, that is paid by the Directors of the Bank of England to that establishment. The heavy losses which the Bank has not unfrequently sustained, notwithstanding the vigilance of its officers, through the forgery and frauds committed upon it in its capacity of public banker, would, there is every reason to think, be still greater in the case of a National Bank. And were such really the case, the insecurity thence arising might be productive of much mischief.

In the *second* place, the circumstance of the Directors of the Bank of England being principally merchants, largely engaged in commercial transactions, and intimately acquainted with the state of credit in London and the country, has enabled them to carry on the business of discounting to a considerable extent, and to make those immense advances in periods of discredit, which have sustained the commercial and financial interests of the country. But a National Bank could not be conducted in this way. It would be indispensable, in order to prevent, not the actual occurrence merely, but even the suspicion of partiality and abuse in the management of its affairs, that its functionaries should be interdicted from engaging, either directly or indirectly, in mercantile affairs. The business of discounting would have to be left entirely to private individuals; and the employment of the Directors of the National Bank would have to be strictly confined to the receipt and payment of all monies due to and by Government; and to the payment of their notes when presented. It is plain, however, that if the Directors of the National Bank were deprived of the power of discounting, they would have no means of contracting or enlarging their issues except by the purchase or sale of bullion, exchequer bills, and other Government securities. But occasions might, and indeed it is perfectly certain would arise, when either from political or commercial causes, the exchange might be so much affected as to render it impossible to bring it to *par*, by selling or buying bullion and stock, without producing ruinous fluctuations in the price of the latter. We look upon the power of modifying the issue of paper, by enlarging or decreasing the sums advanced upon discount, as quite essential to those having to control the quantity of paper afloat in London; and as such a power could not be conceded to managers appointed by Government, without giving birth to every species of jobbing and abuse, we consider this very circumstance as conclusive against the scheme of erecting a National Bank.

In the *third* place, were a National Bank established, Government would be converted into a species of money scrivener, and would be directly implicated in the pecuniary affairs of individuals. Besides unfolding

—— "the drift of hollow states hard to be spelled,"

it would have to fathom the mysteries of the Jews and jobbers of Capel Court. If the price of funded property were depressed in consequence of sales made by the National Bank, those who suffered by such fall would ascribe the injury done them to the improper agency of Government, who would, in this way, be exposed to perpetual obloquy. Neither is it to be denied that the institution of a National Bank would afford great facilities for improper dealings in the funds, on the part of those connected with the Treasury and with its managers. Such persons being aware of the measures to be adopted by the Bank, might be tempted to purchase or sell stock in anticipation of purchases or sales by it; even though they did neither they would stand an extreme chance of having such conduct imputed to them; and every one knows that such imputation would be highly injurious.

It may be said, perhaps, that the Directors of the Bank of England have the same facilities for improper dealings, and that, notwithstanding, it has on no occasion been so much as insinuated that they ever availed themselves, in their business transactions, of the information they acquired in the Bank parlour. But the circumstances under which the Bank Directors are chosen, and the responsibilities under which they are placed, are widely different from those that would obtain in the case of the Directors of a National Bank. The former, speaking generally, are possessed of good fortunes; they are selected because of their extensive mercantile experience, and make it a point of honour neither to act upon, nor to communicate to others the resolutions agreed to by them in their capacity of Directors, previously to their being published. Need we say, that the managers of a National Bank would be of a very different character? They would owe, like similar public functionaries, their appointments, not to their fitness for the office, but to its suitableness for them; instead of being already rich, they would be for the most part poor; ruined merchants, perhaps, or younger sons without patrimony; and it is all but certain, that the point of honour amongst them would be to make the most of their situation, and that he would be best esteemed who amassed the largest fortune.

We believe this to be a fair representation of what would really happen were the change now under discussion carried into effect. At all events, however, no one can deny that the statements we have made are all possible, and may easily be realised. Why, then, should we, in a matter of such vital importance, abandon a system of banking with which we are well acquainted, for one that is wholly untried, and which may, and most probably would, lead to the most mischievous results? A very competent authority with respect to such matters, Mr. John Smith, speaking of the Bank Directors in the debate in the House of Commons, on the 20th of February, 1826, expressed himself as follows:—

"He would defy any man to shew, in the history of the commercial world, a more strict personal integrity than was to be found in the conduct of the Directors, in the whole of their money transactions with the public. He would take for instance, the period of 1816, when the Bank was deriving enormous profits, and when they divided the immense sum of 25 per cent. upon their capital stock; a circumstance, the previous knowledge of which would have made the fortune of any individual; and yet, on examining the books, not a single Director was found to have possessed one shilling more of stock than was necessary to his being constituted a Director according to the charter. The whole of the gentlemen who composed the directory of that establishment were men of the highest character and soundest principle; and were every way worthy of the respect and confidence of the country."

If, then, the privilege of the Bank of England be taken away, to be conceded to the Managers of a National Bank, it will not be true to say, that we are leaving the 'ills we suffer to fly to others which we know not of.' We shall be leaving a system which long experience has shewn is founded on sound principles, and which is conducted by honest and intelligent men, for one that is wholly unknown, but which, in as far as dependence may be placed on reasonings from analogy, may be pronounced, even were it well managed, extremely hazardous, and which would most likely be perverted to unworthy purposes.

In the *fourth* place, a National Bank would be subservient at all times to the views of Government. The Bank of England has not, perhaps, on some occasions, turned a sufficiently deaf ear to the solicitations of the minister. But whatever may have been her failings in this respect, the cajolings and flirtations of the Treasury have had but little influence over her, compared to what they would have over the easy virtue of the Managers of a National Bank. Not one in ten of the Bank Directors owes any thing to Ministers, or is expecting to gain any thing by their favour. If they consent to their proposals, it is because they believe them to be advantageous to the Bank and the public, or because they are naturally disinclined to oppose any serious obstacles to the Government service. But the Managers of a National Bank, owing, as they must, directly or indirectly, their appointments to the Treasury, and being accountable to it only for their proceedings, what possible motive could they have to refuse any thing that ministers asked? Had a National Bank existed in 1796 and 1797, does any one suppose that its Managers would have opposed so determined a resistance as was made by the Bank Directors to Mr. Pitt's demands for money? or that they would have been so urgent for a diminution of the balances due to the Bank? The public may be assured that the moment a National Bank is established, that moment has the Treasury acquired an unlimited control over the currency of the country. And how honestly soever Ministers may be inclined, it would be too much to suppose that in periods of difficulty they should be slow to avail themselves of so ready a means of obtaining momentary assistance, without very carefully weighing the ultimate consequences of their conduct.

The very question we are now considering, as to the policy of establishing a National Bank, was lately submitted to the consideration of a Committee of Congress of the United States. The Report of that Committee is an able and instructive document: it shews clearly, that the institution of a National Bank would be most mischievous; that the Ministry would have, in fact, the entire management of the Bank; that it would eventually degenerate into a mere financial and political engine; that it would be abused in order to promote party purposes; and would necessarily become a focus for every sort of corruption and intrigue. Let us not be so blind to our own defects as to imagine, that though a National Bank might be thus noxious in the United States, it would here be productive only of advantage. Jonathan and John Bull are, we take it, very much upon a par as to purity in money matters.

Mr. Ricardo, who advocated the plan of a National Bank, appears to have flattered himself that he had fallen upon a device for rendering its Managers independent of the Treasury! This is the more singular, as Mr. Ricardo justly ridicules Mr. Pitt for imagining that he had hit upon a scheme that would protect the Sinking Fund from being seized upon in any emergency. Surely, however, it was at least as easy a task to prevent the sacrifice of the Sinking Fund to immediate conveniency, as to prevent a National Bank from being made subservient to Treasury purposes. And if Mr. Pitt complétely failed in his attempt to secure the inviolability of the former, what prospect is there that any better success would attend the efforts of Lord Althorp, supposing he were so very ill-advised as to make them, to secure the independence of the latter? *

* Sir Henry Parnell is by far the ablest and most distinguished of those who have advocated the policy of throwing open the trade of banking in London. But though ingenious, his arguments on this subject do not seem to us to be at all satisfactory or conclusive. This is not, however, to be ascribed to any want of science or ability on his part, but to the badness of the cause he has undertaken to defend.

We think that, by this deduction, we have completely established two points. First, that it is indispensable, in order to prevent the most ruinous consequences, to confine the power of issuing notes in London and its environs to one set of individuals. Second, that it would be highly inexpedient to open a National Bank in London for the issue of notes; and that sound policy would suggest that the Bank of England should be allowed to continue in possession of the monopoly she now enjoys, subject, of course, to any modifications that may be deemed proper for promoting the public interests.

We have already shewn that it would be extremely desirable, were it possible, to introduce into the Bank the system of giving interest upon deposits. We do not presume to say positively whether it can be done, as we believe difficulties may attach to the system here which do not affect it in Scotland. But we are well convinced that if it be practicable, few things would redound more to the public advantage than its adoption by the Bank; and we have no doubt that the Directors will be inclined, were the subject brought properly before them, to consider it in the most favourable manner.

We incline also to think, that it would be a very material improvement could the Bank of England conveniently adopt the Scotch system of granting *Cash-Credits.* By a credit of this sort is meant, an undertaking on the part of a bank to answer the drafts of an individual in whose character they have confidence, and who has produced one or two securities, provided these drafts do not exceed a specified amount. This amount is not, however, advanced by way of permanent loan. No one obtains a cash-credit unless he be engaged in business, or has a certain extent of pecuniary dealings. Those who have such credits no sooner receive any money than they pay it to the bank to their credit account; being allowed a certain rate of interest on the *balance* when it is in their favour, and paying to the bank about one per cent. higher interest when it is against them. This is an exceedingly convenient mode of accommodating the public. It induces them to send in the smallest sums to the bank, at the same time that it provides for the circulation of its notes, and renders all its customers far more interested in its support than they would be were they merely in the habit of discounting with it, or of using it as a place for the custody of money. It is supposed that the total amount of cash credits, granted by the Scotch banks, amounts to about *five millions*, of which *one-third* may, at an average, be advanced by the banks. This plan of making advances, and the giving of interest on deposits, constitute the peculiar excellences of the Scotch system, and have certainly been productive of great public advantage.

It has been supposed that a further deduction might be made from the allowances to the Bank, for managing the public debt. The great risk, and heavy responsibility incurred by the Bank, justly entitle her to a liberal remuneration. Still, however, it does appear that on this head some saving might be made to accrue to the public.

An opinion is very prevalent, and to a certain extent well-founded, that a good deal would be gained were greater publicity given to the affairs of the Bank of England and the country banks, by making them render returns of the amount of their issues, &c. In so far, however, as the country banks are concerned, the only thing that is necessary to guarantee the public from loss, is to oblige them to give security for their notes; and if this be not done, no sort of publicity that it is possible to devise, can be of any material use. The case of the Bank of England is different; publicity as to some of her transactions would be of considerable service. We confess, however, that we see very little ground for concluding that any material advantage would result from the adoption of the proposal so often made, of obliging the Bank to publish weekly or monthly accounts of her issues. No one could learn from them, whether the Bank paper afloat was really redundant or deficient, or whether its diminution or increase might be anticipated. The demand for money is not constant. It is very much influenced by the state of the crops, of trade, credit, &c.; the fluctuations naturally incident to it being so very great, that while, at one time, an issue of 18,000,000*l.* of Bank notes may be quite ample, at another time, and under other circumstances, an issue of 28,000,000*l.* may not be more than enough. The demand for bullion, and the state of the exchange, are the only tests that it is safe to rely upon, by which to judge when the Bank issues are, or are not at their proper level. And therefore, we think it would be good policy to stipulate, that the Bank should publish a weekly account of the market price of bullion, of the amount of coin and bullion issued by her during the week, and *of the amount of both in her possession;** and also an account of the exchanges with Hamburgh and Paris, stating the per centage for and against London. A publication of this sort, would furnish the mercantile world with authentic and highly useful information. When it was seen that the exchange was falling, and that a drain for bullion had set in upon the Bank, it would be a proof that the currency of London was redundant; and every

* This last is the decisive circumstance, and perhaps an account of it might be enough.

prudent banker, in every part of the country, would immediately take measures to meet that increased difficulty of obtaining pecuniary accommodations in the metropolis, he might expect to experience, from the Bank's taking measures to check the drain. And when, on the other hand, the exchange was seen to rise and bullion to flow to the Bank, an increased issue of notes, and a greater facility of obtaining money might be safely anticipated. Every one being, in this way, made acquainted with the circumstances which must always determine the conduct of the Bank, and the state of the currency of London, most sorts of mercantile speculations would become less hazardous than at present. But it is clear, that no such information could be gained from the mere publication of an account of the amount of Bank notes afloat; though, for some subordinate purposes, even that might be useful.

On the whole, we have little doubt that those who consider this question calmly, and without prepossession, will come to nearly the same conclusions that we have done. In renewing the Bank Charter, we hazard nothing. So long as the present system of cash payments is continued, the interests of the Bank and the public are identified; and we have consequently the best of all guarantees for her concerns being well managed. Every other system that it is possible to suggest is encumbered with a thousand difficulties. And he is not a wise Minister who would abandon a great public establishment, that has existed for nearly *one hundred and forty years*, and which answers, or may easily be made to answer, every legitimate purpose that a Bank ought to serve, to introduce new establishments in its stead, of which the results, in so far as they can be determined beforehand, may be pronounced injurious alike to individuals and the public.

APPENDIX.

A.

A Return of the Number of Persons convicted of Forgery, or passing Forged Notes and Post Bills of the Bank of England, in each Year, from 1791 *to* 1829, *inclusive.*

Years.	Capital Convictions.	Convictions for having Forged Bank Notes in possession.	Total Number of Convictions each Year.
1791—1796	nil.	nil.	nil.
1797	1	- - -	1
1798	11	- - -	11
1799	12	- - -	12
1800	29	- - -	29
1801	32	1	33
1802	32	12	44
1803	7	1	8
1804	13	8	21
1805	10	14	24
1806	nil.	9	9
1807	16	24	40
1808	9	23	32
1809	23	29	52
1810	10	16	26
1811	5	19	24
1812	26	26	52
1813	9	49	58
1814	5	39	44
1815	8	51	59
1816	20	84	104
1817	33	95	128
1818	62	165	227
1819	33	160	193
1820	77	275	352
1821	41	93	134
1822	16	- - -	16
1823	6	- - -	6
1824	5	- - -	5
1825	2	- - -	2
1826	18	4	22
1827	24	- - -	24
1828	10	- - -	10
1829	13	1	14

The Bank of England does not possess the means of stating or distinguishing the punishments inflicted for the said crimes.

A (continued).

Statement of the Number of Persons convicted of Forgery of all Instruments connected with the Chartered and other Banks of Scotland; whether of Bank Notes or Post Bills, Bills of Exchange, or otherwise; in each Year, from 1791 to 1829 inclusive; particularizing the Capital Convictions upon which Execution took place, and the Cases of mitigated Punishment.

Years.	For Forging.	For Uttering.	Total Number Convicted.	Number where Pains of Law restricted, and Sentence short of Death pronounced.	Number on whom Capital Sentence pronounced.	Number whose Sentences were mitigated by His Majesty: Pardoned.	Number whose Sentences were mitigated by His Majesty: Commuted.	Number Executed.
1791 . .	2	1	3	2	1	1	- -	1
1792 . .	2	- -	2	2	—	—	—	—
1793 . .	—	—	—	—	—	—	—	—
1794 . .	—	—	—	—	—	—	—	—
1795 . .	- -	1	1	1	—	—	—	—
1796 . .	—	—	—	—	—	—	—	—
1797 . .	- -	1	1	- -	1	- -	- -	1
1798 . .	—	—	—	—	—	—	—	—
1799 . .	—	—	—	—	—	—	—	—
1800 . .	- -	1	1	- -	1	- -	- -	1
1801 . .	—	—	—	—	—	—	—	—
1802 . .	1	- -	1	1	—	—	—	—
1803 . .	—	—	—	—	—	—	—	—
1804 . .	1	- -	1	1	—	—	—	—
1805 . .	2	- -	2	- -	2	- -	- -	2
1806 . .	- -	2	2	- -	2	- -	2	—
1807 . .	1	- -	1	1	—	—	—	—
1808 . .	—	—	—	—	—	—	—	—
1809 . .	1	- -	1	1	—	—	—	—
1810 . .	1	- -	1	1	—	—	—	—
1811 . .	2	- -	2	1	1	- -	1	—
1812 . .	—	—	—	—	—	—	—	—
1813 . .	3	3	6	5	1	- -	- -	1
1814 . .	1	4	5	3	2	- -	- -	2
1815 . .	2	- -	2	2	—	—	—	—
1816 . .	2	- -	2	1	1	- -	- -	1
1817 . .	1	2	3	2	1	- -	- -	1
1818 . .	1	2	3	2	1	- -	1	—
1819 . .	4	3	7	6	1	- -	1	—
1820 . .	3	1	4	4	—	—	—	—
1821 . .	2	9	11	7	4	- -	2	2
1822 . .	2	3	5	5	—	—	—	—
1823 . .	- -	10	10	5	5	- -	3	2
1824 . .	3	10	13	12	1	—	- -	1
1825 . .	1	8	9	9	—	—	—	—
1826 . .	3	20	23	23	- -	1	—	—
1827 . .	2	25	27	25	2	- -	1	1
1828 . .	4	27	31	31	—	—	—	—
1829 . .	2	17	19	19	—	—	—	—
	49	150	199	172	27	2	11	16

Edinburgh,
18th June, 1830.

Certified by

JA. ANDERSON,
Depute Clerk of Justiciary.

A (continued).

A Return of the Number of Persons convicted of Forgery on the Bank of England connected with the Public Funds, Bills of Exchange, or otherwise, except Bank Notes, &c. in each Year, from 1791 *to* 1829, *inclusive.*

	CONVICTIONS.		CONVICTIONS.
1790	1	1810	nil.
1791	nil.	1811	2
1792	2	1812	nil.
1793		1813	2
1794	nil.	1814	1
1795		1815	nil.
1796	2	1816	2
1797	nil.	1817	3
1798	3	1818	
1799	nil.	1819	nil.
1800	1	1820	
1801	nil.	1821	
1802	1	1822	1
1803	1	1823	nil.
1804	1	1824	1
1805	1	1825	
1806	nil.	1826	nil.
1807	1	1827	
1808	nil.	1828	
1809	1	1829	2

The Bank of England does not possess the means of stating or distinguishing the Punishments inflicted for the said Crimes.

FRESHFIELD AND SON,
Solicitors to the Governor and Company
of the Bank of England.

20th May, 1830.

B.

An Account of the average market price of Bullion in each year, from 1800 *to* 1821, (*taken from official documents of the average value per cent. of the currency, estimated by the market price of gold for the same period, and of the average depreciation per cent.*).

Year.	Average price of gold per oz.	Average per cent. of the value of the currency.	Average depreciation per cent.
1800	£.3 17 10½	£.100 0 0	Nil.
1801	4 5 0	91 12 4	£. 8 7 8
1802	4 4 0	92 14 2	7 5 10
1803	4 0 0	97 6 10	2 13 2
1804	4 0 0	97 6 10	2 13 2
1805	4 0 0	97 6 10	2 13 2
1806	4 0 0	97 6 10	2 13 2
1807	4 0 0	97 6 10	2 13 2
1808	4 0 0	97 6 10	2 13 2
1809	4 0 0	97 6 10	2 13 2
1810	4 10 0	86 10 6	13 9 6
1811	4 4 6	92 3 2	7 16 10
1812	4 15 6	79 5 3	20 14 9
1813	5 1 0	77 2 0	22 18 0
1814	5 4 0	74 17 6	25 2 6
1815	4 13 6	83 5 9	16 14 3
1816	4 13 6	83 5 9	16 14 3
1817	4 0 0	97 6 10	2 13 2
1818	4 0 0	97 6 10	2 13 2
1819	4 1 6	95 11 0	4 9 0
1820	3 19 11	97 8 0	2 12 0
1821	3 17 10½	100 0 0	Nil.

C.

An Account of the total Amount of Outstanding Demands on the Bank of England, and likewise the Funds for discharging the same; 30th Jan. 1819.

Dr. - - The Bank, - -	£.	30th January, 1819. - - Cr.	£.
To Bank Notes out..	26,094,430	By Advances on Government Securities; viz. On Exchequer Bills, on Malt, &c. 1818. Bank Loan, 1808... Supply, 1816, at £4 per cent. .... Growing Produce of the Consd. Fund to 5th April 1819, and Interest due, and Loans to Government on Unclaimed Dividends	8,438,660
To other Debts; viz. Drawing Accounts Audit Roll ...... Exchequer Bills deposited .... And various other Debts	7,800,150		
	33,894,580		
Balance of Surplus in favour of the Bank of England, exclusive of the Debt from Government, at £3 per cent. £11,686,800. And the Advance to Government, per 56 Geo. III. cap. 96. at £3 per cent. £3,000,000.	5,202,320	By all other Credits; viz. Cash and Bullion ... Exchequer Bills purchased, and Interest .... Bills and Notes discounted .... Treasury Bills for the Service of Ireland. Money lent, and various other Articles .	30,658,240
£.	39,096,900	£	39,096,900
		By the permanent Debt due from Government, for the Capital of the Bank, at £3 per cent. per annum	11,686,800
		By the Advance to Government, per Act 56 Geo. III. cap. 96 at £3 per cent. per annum............	3,000,000

Bank of England,
22d February, 1819.

William Dawis,
Accountant General.

D.

An Account of Money paid or payable at the Bank of England, for the Management of the Public Debt, in the year 1829, together with an Account of all the allowances made by the Public to the Bank, or charged by the Bank against the Public, for transacting any Public Service in the year 1829; describing the nature of the service, and the Amount charged thereon in the said year, and including any Sum under the denomination of House-money, or House Expenses; and also, any Sum under the denomination of Charges of Management on South-Sea Stock, and stating the aggregate Amount of the whole.

	£.	s.	d.
Charge for Management of the Unredeemed Public Debt for one year, ending the 5th April, 1830, being the annual period at which the Accounts are made up, as directed by the Act 48 Geo. 3, c. 4. -	248,417	17	2¾
Ditto, ditto, for one year ending ditto, on sundry Annuities transferred to the Commissioners for the Reduction of the National Debt, for the purchase of Life Annuities per Act 48 Geo. 3, and subsequent Acts - - - - - -	2,922	11	9
Charges of Management, being part of an entire yearly fund of 100,000*l.* enjoyed by the Governor and Company of the Bank of England, originally by the Act of the 5th and 6th of William and Mary, c. 20, confirmed to the said Governor and Company by several subsequent Acts, and lastly, by the Act of the 39th and 40th Geo. 3, c. 28, as per Return made to The Honourable House of Commons, on the 21st June, 1816 - - - - - -	4,000	0	0
Ditto, ditto, on 4,000,000*l.* South Sea Stock, purchased by the Governor and Company of the Bank of England of the South Sea Company, and transferred by them to the said Governor and Company, in pursuance of the Act of the 8th Geo. 1, c. 21, and which charges of management were assigned by the said South Sea Company, to the said Governor and Company, out of a Sum of 8,397*l.* 9*s.* 6*d.* per annum, then paid by the Public to the said South Sea Company, for charges of management on their funds, as per Return made to The Honourable House of Commons, on the 21st June, 1816 - - -	1,898	3	5
	£. 257,238	12	4¾

Bank of England,
11th of March, 1830.

T. Rippon,
Chief Cashier.

E.

The following is an Account of all Distributions made by the Bank of England amongst the Proprietors of Bank Stock, whether by Money Payments, Transfer of 5 per Cent. Annuities, or otherwise, under the Heads of Bonus, Increase of Dividend, and Increase of Capital, betwixt 25th February, 1797, and 31st March, 1830, in addition to the ordinary Annual Dividend of 7 per Cent. on the Capital Stock of that Corporation, existing in 1797, including therein the whole Dividend paid since June, 1816, on their increased Capital; stating the Period when such Distributions were made, and the aggregate Amount of the whole.

In June, 1799:	£10 per cent. Bonus in 5 per cents. 1797, on 11,642,400*l.*, is	£1,164,240
May, 1801:	£5 per cent. ditto, in Navy 5 per cents, ditto	582,120
November, 1802:	£2½ per cent. ditto, ditto, ditto	291,060
October, 1804:	£5 per cent. ditto, Cash, ditto	582,120
October, 1805:	£5 per cent. ditto, ditto, ditto	582,120
October, 1806:	£5 per cent. ditto, ditto, ditto	582,120
From April, 1807, to Oct., 1822, both inclusive	Increase of Dividend at the rate of 3*l.* per cent. per annum on 11,642,400*l.*, is, 16 years	5,588,352
From April, 1823, to Oct., 1829, both inclusive	Increase of Dividend at the rate of 1*l.* per cent. per annum on 11,642,400*l.*, is, 7 years	814,968
In June, 1816,	Increase of Capital at 25 per cent, is	2,910,600
From Oct., 1816, to Oct., 1822, both inclusive	Dividend at the rate of 10*l.* per cent. per annum on 2,910,600*l.*, increased Capital, is, 6½ years	1,891,890
From April, 1823, to Oct., 1829, both inclusive	Dividend at the rate of 8*l.* per cent. per annum on 2,910,600*l.*, increased Capital, is, 7 years	1,629,936
	Aggregate Amount of the whole	16,619,526

Annual Dividend payable on Bank Stock in 1797, on a Capital of 11,642,400*l.* at the rate of 7*l.* per cent. per annum	814,968
Annual Dividend payable since June, 1816, on a Capital of 14,553,000*l.*, to October, 1822, inclusive, at the rate of 10*l.* per cent. per annum	1,455,300
Annual Dividend payable from April, 1823, to 31st March, 1830, both inclusive, on a Capital of 14,553,000*l.*, at the rate of 8*l.* per cent. per annum	1,164,240

William Smee, Depy. Acct.

Bank of England, 26th April, 1830.

F.

An Account of the Amount of Bank Notes in Circulation on the under-mentioned Days; distinguishing the Bank Post Bills, and the Amount of Notes under Five Pounds, with the Aggregate of the whole.

	Notes of £5. and upwards.	Bank Post Bills.	Bank Notes under £5.	TOTAL.
	£.	£.	£.	£.
1792 February 25	10,394,106	755,703	. . . . .	11,149,809
August 25	10,281,071	725,898	. . . . .	11,006,969
1793 February 26	10,780,643	647,738	. . . . .	11,428,381
August 26	10,163,839	674,375	. . . . .	10,838,214
1794 February 26	10,079,165	618,759	. . . . .	10,697,924
August 26	10,060,248	567,972	. . . . .	10,628,220
1795 February 26	12,968,707	570,456	. . . . .	13,539,163
August 26	10,939,880	518,502	. . . . .	11,458,382
1796 February 26	10,266,561	643,133	. . . . .	10,909,694
August 26	8,981,645	549,690	. . . . .	9,531,335
1797 February 25	8,167,949	474,615	. . . . .	8,601,964
August 26	9,109,614	524,587	9,34,015	10,568,216
1798 February 26	10,856,188	551,549	1,442,348	12,850,085
August 25	9,997,958	553,236	1,639,831	12,191,025
1799 February 26	10,576,510	607,907	1,451,728	12,636,145
August 26	11,260,675	653,766	1,345,432	13,259,873
1800 February 25	13,106,368	723,600	1,406,708	15,236,676
August 26	12,221,451	823,366	1,690,561	14,735,378
1801 February 26	12,975,206	954,982	2,647,526	16,577,514
August 26	11,715,665	759,270	2,495,386	14,970,321
1802 February 26	12,038,970	803,499	2,616,407	15,458,876
August 26	12,801,746	772,577	3,312,790	16,887,113
1803 February 26	11,796,424	820,039	2,960,469	15,576,932
August 26	12,413,924	776,030	3,846,005	17,035,959
1804 February 25	12,054,943	848,894	4,673,515	17,577,352
August 25	11,766,628	743,841	4,813,525	17,323,994
1805 February 26	11,403,290	1,029,580	4,801,596	17,234,466
August 26	11,182,188	718,510	4,395,480	16,296,178
1806 February 25	11,994,350	725,736	4,428,360	17,148,446
August 26	14,141,510	702,425	4,228,958	19,072,893
1807 February 26	12,274,629	724,485	4,206,230	17,205,344
August 26	15,077,013	725,262	4,231,837	20,034,112
1808 February 26	13,746,598	742,671	4,103,785	18,593,054
August 26	12,440,930	795,102	4,129,234	17,365,266
1809 February 25	12,730,999	944,727	4,338,951	18,014,677
August 26	13,255.599	880,104	5,221,538	19,357,241
1810 February 26	13,650,592	907,620	5,871,069	20,429,281
August 25	16,078,390	1,145,832	7,221,953	24,446,175
1811 February 26	15,110,688	1,133,419	7,140,726	23,384,833
August 26	15,203,611	1,016,303	7,573,201	23,723,115
1812 February 26	14,523,049	1,059,854	7,415,294	22,998,197
August 26	14,873,705	987,880	7,621,325	23,482,910
1813 February 26	14,567,267	1,034,882	7,705,322	23,307,471
August 26	14,975,479	1,015,616	8,033,774	24,024,869
1814 February 26	15,632,250	1,091,242	8,371,923	25,095,415
August 26	18,066,180	1,246,479	9,667,217	28,979,876
1815 February 25	16,394,359	1,184,459	9,094,552	26,673,370
August 26	16,332,275	1,115,079	9,576,695	27,024,049

F (continued).

	Notes of £5. and upwards.	Bank Post Bills.	Bank Notes under £5.	TOTAL.
1816 February 26	15,307,228	1,336,467	9,036,374	25,680,069
August 26	16,686,087	1,286,429	9,103,338	27,075,854
1817 February 26	17,538,656	1,376,416	8,143,506	27,058,578
August 26	20,388,502	1,712,807	7,998,599	30,099,908
1818 February 26	19,077,951	1,838,600	7,362,492	28,279,043
August 26	17,465,628	1,627,427	7,509,782	26,602,837
1819 February 26	16,307,000	1,622,330	7,317,360	25,246,690
August 26	16,972,140	1,468,920	7,216,530	25,657,590
1820 February 26	15,402,830	1,421,160	6,745,160	23,569,150
August 26	16,047,390	1,633,730	6,772,260	24,453,380
1821 February 26	14,372,840	1,615,600	6,483,010	22,471,450
August 26	16,095,020	1,634,260	2,598,460	20,327,740
1822 February 26	15,178,490	1,609,620	1,384,360	18,172,470
August 26	15,295,090	1,610,600	862,650	17,768,340
1823 February 26	15,751,120	1,742,190	683,160	18,176,470
August 26	17,392,260	1,763,650	550,010	19,705,920
1824 February 26	17,244,940	2,198,260	486,660	19,929,800
August 26	18,409,230	2,122,760	443,970	20,975,960
1825 February 26	18,308,990	2,334,260	416,880	21,060,130
August 26	17,091,120	2,061,010	396,670	19,548,800
1826 February 26	21,100,400	2,487,080	1,367,560	24,955,040
August 26	18,172,160	2,040,400	1,175,450	21,388,010
1827 February 26	18,787,330	2,052,310	668,910	21,508,550
August 26	19,253,890	2,270,110	483,060	22,007,060
1828 February 26	19,428,010	2,329,880	416,890	22,174,780
August 26	19,016,980	2,417,440	382,860	21,817,280
1829 February 26	17,402,470	2,444,660	357,170	20,204,300
August 26	17,164,940	2,030,280	334,190	19,529,410
1830 February 26	17,862,990	2,284,520	320,550	20,468,060

Bank of England,
11th March, 1830.

Wm. Smee,
Dep. Acct.

S. Manning & Co., Printers, London-house-yard, St. Paul's.